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NOMINATIONS BEFORE THE SENATE ARMED SERVICES COMMITTEE, FIRST SESSION, 101ST CONGRESS

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

NOMINATIONS OF

RICHARD B. CHENEY (MAR. 14 AND 16); DONALD J. ATWOOD (APR. 5 AND 18); PAUL D. WOLFOWITZ (APR. 19 AND MAY 4); H. LAWRENCE GARRETT III (MAY 3); GEN. ROBERT T. HERRES (MAY 16); DONALD B. RICE (MAY 16); DAVID J. GRIBBIN III (MAY 18); LOUIS A. WILLIAMS (MAY 18); SEAN O'KEEFE (MAY 18); STEPHEN J. HADLEY (JUNE 22); HENRY S. ROWEN (JUNE 22); MICHAEL P.W. STONE (JULY 31); JOHN W. SHANNON (JULY 31); JOHN A. BETTI (AUG. 3); J. DANIEL HOWARD (AUG. 3); ANNE NEWMAN FOREMAN (SEPT. 7); ANTONIO LOPEZ (SEPT. 7); MARTIN C. FAGA (SEPT. 8); GEN. COLIN L. POWELL (SEPT. 20); JAMES R. LOCHER III (OCT. 6); TERRENCE O'DONNELL (OCT. 6); EDSON G. CASE (OCT. 17); JOHN T. CONWAY (OCT. 17); JOHN W. CRAWFORD (OCT. 17); ANDREW J. EGGENBERGER (OCT. 17); HERBERT J.C. KOUTS (OCT. 17); ROBERT C. DUNCAN (NOV. 7); DUANE P. ANDREWS (NOV. 7); ROBERT C. McCORMACK (NOV. 7); MICHAEL B. DONLEY (NOV. 7); SUSAN M. LIVINGSTONE (NOV. 7); ANN C. PETERSEN (NOV. 7); CRAIG S. KING (NOV. 7); CHRISTOPHER JEHN (NOV. 9); G. KIM WINCUP (NOV. 9); BARBARA S. POPE (NOV. 9); SUSAN J. CRAWFORD (NOV. 20); JEROME G. COOPER (NOV. 20)

MARCH 14, 16; APRIL, 5, 18, 19; MAY 3, 4, 16, 18; JUNE 22; JULY 31; AUGUST 3; SEPTEMBER 7, 8, 20; OCTOBER 6, 17; NOVEMBER 7, 9, 20, 1989

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NOMINATION OF RICHARD B. CHENEY TO BE SECRETARY OF DEFENSE

TUESDAY, MARCH 14, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2 p.m., in room SR-253, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Warner, Thurmond, Wilson, McCain, Wallop, Gorton, Lott, and Coats.

Other members present: Senator Simpson and Representative Michel.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Marie Fabrizio Dickinson, assistant chief clerk; and Daniel G. Sakura, research assistant.

Professional staff members present: Robert G. Bell, James R. Locher III, and David S. Lyles.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Robert F. Bott, Brian D. Dailey, Jonathan L. Etherton, Judith A. Freedman, George K. Johnson, Jr., Durwood W. Ringo, Jr., Mark B. Robinson, and Ann Elise Sauer; professional staff members.

Staff assistants present: Barbara L. Braucht, Lori M. Jackson, and Debra A. Rice.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Leon S. Fuerth, assistant to Senator Gore; Jefferson B. Seabright, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; C. Richard D'Amato, assistant to Senator Byrd; Dale F. Gerry and Christopher K. Mellon, assistants to Senator Cohen; Mark J. Albrecht, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Jack D. Crouch II, assistant to Senator Wallop; Robert M. Soofer, assistant to Senator Gorton; Lawrence Lesser and Charles Pearcy, assistants to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order. The committee meets this afternoon to begin consideration of the nomination of Dick Cheney to serve as Secretary of Defense.

On behalf of the entire committee, I extend a warm welcome to Congressman Cheney, his wife, Dr. Lynne Cheney, who is the chairman of the National Endowment for the Humanities, and their daughters, Elizabeth and Mary. We will ask you all to stand up and be recognized. We are delighted to have you. Thank you for being with us. [Applause.]

Let me just give a brief status report here for everyone about where we are on this nomination right now, and where we hope to go.

The Senate received the nomination today, as a matter of fact this morning, March 14, 1989. It was referred to the Senate Armed Services Committee. The reason we were able to receive it today, even though we were in recess, is because of unanimous consent permitting the Senate to receive and refer nominations during recess periods.

Congressman Cheney has completed and submitted the following items to the committee. First of all, the committee background questionnaire containing questions and answers on biographical, financial, and other matters. Parts (b) through (f) containing the financial and other matters remain confidential, as is our normal practice.

Second, his draft standard form 278, which is his public financial disclosure form. The official version will come with the Office of Government Ethics letter.

Third, his tax returns for the years 1985, 1986, and 1987, which will remain confidential. Fourth, a statement from his doctor as to his medical condition, which I believe Congressman Cheney has with him, and I believe you are willing to put that in the record at the appropriate time.

The committee has not yet received the following items. First, the committee-required letter from the Office of Government Ethics, which reviews the public financial disclosure form and comments on conflict of interest and other matters. I know that is under way, but it has not been received yet.

The second item that we still have to get is the committee-required letter from the Department of Defense general counsel which covers the same matters, that is, his review of form 278.

Third, the committee-required letter from the White House counsel indicating the nature and scope of the background investigation that normally accompanies the FBI report. And finally, the FBI background investigation which Senator Warner and I will review whenever it is available.

So the staffs are already starting on the financial material, and will review the additional material when provided.

Congressman Cheney is well known to the members of this committee. Many of us have had the opportunity to work with him on a wide variety of national security and intelligence issues, both on Capitol Hill and in other forums.

In addition, six members of the Committee on Armed Services served with Congressman Cheney in the House of Representatives. So our nominee is certainly no stranger this afternoon.

Congressman Cheney has had a distinguished 20-year public career serving in senior leadership positions in both the legislative and the executive branches. After a tour as a congressional fellow in the late 1960s, Congressman Cheney began a series of assignments in the executive branch, culminating in the position of White House chief of staff for President Ford.

In November 1978, Congressman Cheney was first elected to the House of Representatives, and this past January he began his sixth term as the representative from Wyoming.

Congressman Cheney was recently selected as the House minority whip for the 101st Congress. For the four previous Congresses, he served as chairman of the Republican Policy Committee.

Among other assignments, Congressman Cheney is a member of the House Select Committee on Intelligence, which has, of course, a lot of exposure both to intelligence and national security matters. He also served on the House Select Committee to investigate covert arms deals with Iran.

As previously indicated, during the 100th Congress, this committee initiated new procedures for consideration of nominations for civilian appointed positions in the Department of Defense.

In addition, the committee adopted our own suggested standard to guide our own internal consideration of the qualifications of the nominees. And of course, we will apply our normal standards and procedures here to this nomination, as we will to other nominations.

Senator Warner and I agreed with the White House, and with the Senate leadership, to accomplish everything we could on this nomination this week, prior to the 2-week Easter recess, which starts this Friday.

We will be governed by how quickly we receive all the information and whether we run into any difficulties, which I certainly do not anticipate, but we never know.

The committee will move as quickly as possible, consistent with a thorough and a fair review. We will not be taking any shortcuts in terms of meeting our normal requirements and of assuring a full review of all policy and other issues. But we will expedite the matter as much as we can, consistent with these standards.

The time required for this process will largely be determined by when the executive branch makes all the necessary materials available and the amount of policy-related questions desired by the committee members or any follow-up questions on the financial or FBI report.

Congressman Cheney has already submitted the paperwork and financial material which I have enumerated, and, of course, I have given the status report of where we are right now.

This afternoon I would first recognize Senator Warner, and then I will recognize our very distinguished panel of introducers. I do not think I have ever seen a more powerful and prestigious group of people here before this committee, all in a row, with Bob Michel and Senator Wallop and Senator Simpson.

So let me start by calling on Senator Warner for any comments, and then I will ask our distinguished group here to introduce the nominee to the committee, and then, Congressman Cheney, we will hear from you. Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. You have covered the procedures that the committee will follow. Indeed, we will be very thorough and careful on this, and the schedule is largely dependent on the information and its timely arrival.

I welcome this particular individual as the nominee. I have had the privilege of knowing him for many years. We have worked together. I have known his family.

I remember very well when, together, we prepared this piece of legislation that initiated the national security strategy of the United States. You sponsored it on the House side and I sponsored it on the Senate side.

Mr. Chairman, I would like to break from tradition and allow the full opening statement on behalf of this side be made by his former colleague and good friend, the junior Senator from Mississippi, Mr. Lott.

Chairman **Nunn**. The Senator from Mississippi is recognized.

Senator **Warner**. They served together in the House for many years, and I think he should be accorded that privilege.

Senator **Lott**. Thank you, Mr. Chairman, and our distinguished ranking member. I appreciate very much you giving me this opportunity.

I appreciate the indulgence of this committee, because he is a very personal friend and this is a special occasion that we would have a man of Dick Cheney's qualities, moral character, and family to be here this afternoon to be the nominee, and I am sure to be confirmed to be our next Secretary of Defense.

So I do not want to make this too much of a House affair, but since I have only been here 2 months I have to say it is a pleasure to see my distinguished leader, Bob Michel, from Illinois here, and Dick, who I served in the House with for 10 years and in the leadership for 8 years.

And of course, we are pleased to have his family here. Lynne, I know that you will be seeing even less of him, unfortunately, in this new role, with the work that you have to do too.

But I want to say to you, before I get in the serious part, Dick, that I think maybe you had the best of both worlds. You were elected to be my successor as the whip, you got the title, you were doing a great job, you were working with my friend, George Awkward, here, you got all the honors and accolades and now you are going to be Secretary of Defense instead of being whip.

So that is the way to do it, Bob. But Bob wants to thank you for your efforts too, and what you have presented to him in the next few days he is going to be wrestling with.

Let me ask first of all, Mr. Chairman, if his biography could be made a part of the record. I know our ranking member would do that.

Chairman **Nunn**. Without objection, it will be a part of the record.

[The information referred to will precede Mr. Cheney's statement.]

Senator LOTT. I do think the President has made an excellent choice in Dick Cheney, and Mr. Chairman, I want to thank you for being expeditious in the manner that you are handling this nomination.

As I said, I have known Dick well for 10 years, and 8 years in the leadership. I think he has three really special qualities that really do give him special attributes to be Secretary of Defense.

He has a deep understanding of and experience in both the executive and legislative branches of the Government, which is, I think, unique for Secretaries of Defense.

There have been a couple that maybe have met these same qualifications, but it has been rare. Dick has a keen intellect, and he has superb leadership ability. And he has proven that time and time again in the House.

The fact that he has served on the Intelligence Committee as ranking member on the budget and program authorization subcommittee, which has a very important role in intelligence and defense of this country, the fact that he was a cosponsor with our distinguished ranking member of the Goldwater-Nichols legislation, the fact that he has extensive knowledge of the Soviet Union that he has gained from a number of forums of defense strategy all qualify him by experience and by knowledge.

Dick has served on various bipartisan defense-related study groups, the Center for Strategic and International Studies, and the Johns Hopkins Foreign Policy Institute. He has had experience with the Institute for Foreign Policy Analysis and has been cochairman with the chairman of our Committee of the Center for Strategic and International Studies' Advisory Board.

He has been particularly involved in the House of Representatives in our efforts to provide aid in Central America for the Nicaraguan freedom fighters, and I know he is still very much interested in that part of the world.

As chief of staff to President Ford, he had the occasion to meet with the National Security Council, which gave him once again many opportunities to be involved in the policy, both foreign policy and defense policy, of this country.

So I think that he has tremendous ability, he has the intellect, and he has the experience to be an outstanding Secretary of Defense. And I congratulate you, Dick Cheney, and wish you the very best in this process, and as the Secretary of Defense. Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Lott. At this point I understand the order of recognition will be Senator Wallop first, and the Congressman Michel (and Bob, we are delighted to have you here today on this side of the Capitol), and then Senator Simpson. Senator Wallop.

Senator WALLOP. Thank you, Mr. Chairman. This is an occasion in which I present to my fellow members of the Armed Services Committee a friend and a colleague of some considerable longstanding.

I would have to tell you that this is a moment of some celebration, and certainly of some sentimentality. If this is not the last time, it is certainly among the last time that we appear together in public as a delegation from the State of Wyoming, a circumstance which has been of benefit, both to the three of us, as well as, we think, our State.

I introduce Dick, first of all, as a friend, a member of a family of talent and grace. You can see his wife and daughters, Elizabeth and Mary, behind us. It is Mary's birthday today. I think the committee might well be interested in thinking that very few birthdays in her life will be as memorable as this one.

I have fished with Dick, I have campaigned with Dick, I have labored together with him on issues of national moment and on issues of purely parochial moment to the State of Wyoming.

I know him as a colleague and as a friend. I have known him as able, as very tough, very shrewd. I knew him when we were both for a little while together on the respective Intelligence Committees of our two Houses.

In matters of that kind we often would philosophize and examine what the directions of this country might be, and what the needs of this country might be in terms of intelligence matters.

There I came to know him, as I have in the rest of my life with him, as open-minded, a trait that is, I think, rare amongst people, to say nothing of politicians, as a man who is able to know what he does not know, and able to recognize and discover where to go to find out.

The sense of humility and sense of presence is going to serve him well, and America well. He is a studious man. I have known him to be an expert on a variety of issues and still continue to study, and still continue to expand his horizons of knowledge. He is a modest man, that through curious Western talent and ability is able to be both confident and self-deprecating.

He is, I think, bringing to this job one trait more than any other which I admire, and that is his sense of historical perspective, of understanding that the history of the world requires understanding in order to confront the behavior of the world as it moves forward.

So Dick, I would say that this is a big loss to Wyoming, a big loss to the Wyoming congressional delegation, certainly, Bob, a big loss to the House Republicans. But it is a big gain to America. And it is as well, I feel confident, a big gain to Wyoming, a big gain to your family, and a big gain to the President that you have agreed to serve.

I am proud, Mr. Chairman, to be here to present Dick Cheney to you, as a friend, as a man of great talent, a man of great experience, a man whom I respect deeply.

Chairman NUNN. Thank you very much, Senator Wallop. We are glad to have you as a member of this committee introduce your friend of longstanding.

Representative Cheney, we are delighted to have Representative Bob Michel, who is the distinguished minority leader in the House of Representatives, here with us for this committee hearing. Bob.

STATEMENT OF HON. ROBERT MICHEL, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. MICHEL. Mr. Chairman and members of the committee, I appear before the committee with a mixture of regret and pride.

I say regret because for the second time in less than a year we Republicans in the House are about to lose a great party whip. The Senate was the beneficiary of our first loss.

When Trent was elected to this body we lost not only a respected colleague but a master of parliamentary procedure, a good vote-counter, an excellent one, and an articulate spokesman. And I am delighted that Trent now sits on this very prestigious committee.

We still think of you, Trent, as a man of the House, but I have to confess, you look right at home in what we in the House are obliged to call this other body.

Republicans in the House were fortunate to have as Trent's replacement Dick Cheney. But as we know, Dick heeded his country's call and has agreed to be President Bush's nominee to be our next Secretary of Defense.

And I will not try to disguise the fact that if I had my way, I would keep Dick Cheney in the House. Only someone who has worked as close as I have with Dick knows the special kind of excellence he brings to every job, the incisive intelligence, the quiet persistence, the gentle yet effective power of persuasion that he has.

But we House Republicans realize that the President has made a very superb choice. Our disappointment is more than offset by our pride in knowing that our Nation and the Free world will gain from Dick's leadership at the Defense Department.

And it was when he was President Ford's chief of staff that I first noticed what I would call the Cheney style of leadership, the ability to listen carefully, the capacity to act decisively, and the willingness to work as long and hard as it takes to get the job done right.

It was precisely these same qualities that led me to ask Dick in only his second term in the House to run for chairman of the Republican Policy Committee in 1980 in a very hotly-contested race.

Needless to say he won, and he has been winning ever since. And in 1987 he was elected chairman of the House Republican Conference, and in 1988, as I said, he was elected our Republican whip. And his last two elections to House leadership positions were without challenge, another rare distinction in a body in which competition is often so fierce.

And so it is clear that among his peers Dick Cheney has gained the kind of recognition and respect that says volumes about his capacity for leadership. I personally have benefited from Dick's advice and counsel. I have counted on him to bring his special kind of excellence to the very special tough job.

That is why Dick was my first choice to be the ranking Republican House Member of the committee investigating the Iran-Contra affair. It was not an easy job. But Dick brought to it the character, the integrity, and the intelligence that was needed.

And as preparation for that assignment, I had appointed Dick to the Intelligence Committee where he is now completing 4 years in that role. And as has been indicated by the chairman, I believe, he therefore is no stranger to the world of the Defense Department since so much of what goes on in the Intelligence Committee has to do with various parts of our defense establishment's capabilities.

From the very beginning of his House career, he has been in the forefront of the House debate on strategic arms, on aid to the freedom fighters, and on choice of various weapons systems.

In each of these debates, he has always seen the specific issue in the larger context of our Nation's geostrategic needs. This ability to see beyond the specific facts of an issue, and to place it in a broader context, will certainly come in handy in making decisions at the Pentagon.

We need good management in the Pentagon, and Dick Cheney will provide it. But beyond that, we need someone who sees management as a means toward an end and not an end in itself. And we need someone with the character to make the tough decisions that give good management meaning and purpose.

Knowledge of nuts and bolts is part of good defense policymaking. But unless such knowledge is placed in a context of strategic vision, it does little for national security.

He has always had the respect of those on both sides of the aisle. This, as you well know, is not easily gained. It takes a special kind of integrity, a certain style that combines respect for the opinions of others with confidence in one's own principles. And again, this is exactly the kind of quality a good Defense Department Secretary needs.

Dick Cheney will not need on-the-job training and leadership because he will bring with him all of those often intangible but vital qualities that leadership demands. As Secretary of Defense, you can learn all the esoteric components of arcane military policy, but if you do not have the capacity to lead, to take charge, to put principles into practice, while at the same time carrying with you the people you are supposed to lead, then all your knowledge comes to naught.

Dick Cheney's a born leader. He knows well that the Congress has a vital role to play in national security decisions, and I think that is obviously very important. And he can be counted upon to work with the Congress.

Mr. Chairman, with a combination of pride and regret, I recommend to you very highly Dick Cheney, who in my view will become one of the great Secretaries of Defense of our time. Thank you, Mr. Chairman.

[The prepared statement of Representative Bob Michel follows:]

INTRODUCTION OF DICK CHENEY BY HOUSE REPUBLICAN LEADER BOB MICHEL

Mr. Chairman, members of the Committee, I appear before the Committee with a mixture of regret and pride.

I say "regret" because for the second time in less than a year, we Republicans in the House are about to lose a great party Whip.

The Senate was the beneficiary of our first loss. When Trent Lott was elected to this body, we lost not only a respected colleague, but a master of House floor tactics and accurate vote-counting.

I am delighted that Trent now sits on this prestigious Committee.

We still think of you as "a man of the House", Trent, but I have to confess you look right at home in what we like to call "the other body".

Republicans in the House were fortunate to have as Trent's replacement, Dick Cheney. But, as we know, Dick heeded his country's call and has agreed to be President Bush's nominee to be our next Secretary of Defense.

I will not try to disguise the fact that if I had my way, I would keep Dick Cheney in the House. Only someone who has worked as close as I have with Dick knows the special kind of excellence he brings to every job, the incisive intelligence, the quiet persistence, the gentle yet effective power of persuasion he has.

But we House Republicans realize that the President has made a superb choice. Our disappointment is more than offset by our pride in knowing that our nation and the free world will gain from Dick's leadership at the Defense Department.

It was when he was President Ford's Chief of Staff that I first noticed what I would call the Cheney style of leadership: the ability to listen carefully, the capacity to act decisively, and the willingness to work as long and hard as it takes to get the job done right.

It was precisely those same qualities that led me to ask Dick, in only his second term in the House, to run for Chairman of the Republican Policy Committee in 1980, in a contested race.

In 1987 he was elected Chairman of the House Republican Conference. And in 1988, as I said, he was elected as House Republican Whip. His last 2 elections to House leadership were without challenge, another rare distinction in a body in which competition is often so fierce.

And so it is clear that among his peers, Dick Cheney has gained the kind of recognition and respect that says volumes about his capacity for leadership.

I have benefited from Dick's advice and counsel. And I have counted on him to bring his special kind of excellence to the tough jobs.

That is why Dick was my first choice to be Ranking Republican House member of the Committee investigating the Iran-Contra affair. It wasn't an easy job, but Dick brought to it the character, the integrity and the intelligence that was needed.

Dick has served for 4 years on the Intelligence Committee. He therefore is no stranger to the world of the Defense Department since so much of what goes on in the Committee has to do with various parts of our defense establishment's intelligence capabilities.

From the very beginning of his House career, he has been in the forefront of House debate on strategic arms, on aid to freedom fighters, and on the choice of various weapons systems.

In each of these debates he has always seen the specific issue in the larger context of our nation's geostrategic needs. This ability to see beyond the specific facts of an issue and to place it in a broader context will come in handy in making decisions at the Pentagon.

We need good management in the Pentagon and Dick Cheney will provide it. But beyond that we need someone who sees management as a means toward an end and not an end itself. We need someone with the character to make the tough decisions that give good management meaning and purpose.

Knowledge of nuts and bolts is part of good defense policy making, but unless such knowledge is placed in a context of strategic vision, it does little for national security.

He has always had the respect of those on both sides of the aisle. This, as you well know, is not easily gained. It takes a special kind of integrity, a certain style that combines respect for the opinions of others with confidence in one's own principles. Again, this is exactly the kind of quality a good Defense Secretary needs.

Dick Cheney won't need on-the-job training in leadership because he will bring with him all of those often intangible but vital qualities that leadership demands.

As Secretary of Defense, you can learn all the esoteric components of arcane military policies, but if you don't have the capacity to lead, to take charge, to put principles into practice, while at the same time carrying with you the people you are supposed to lead, then all your knowledge comes to nought.

Dick Cheney is a born leader. He knows well that the Congress has a vital role to play in national security decisions and he will work with the Congress.

Mr. Chairman, with a combination of pride and regret I recommend to you Dick Cheney, who, in my view, will become one of the great Secretaries of Defense of our time.

Chairman NUNN. Thank you very much, Representative Michel. Now, one of our top Republican leaders in the Senate, and one of our outstanding congressional leaders, Alan Simpson. Alan, we are delighted to have you before the committee.

STATEMENT OF HON. ALAN SIMPSON, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator SIMPSON. Mr. Chairman, I thank you and Senator Warner and members of the committee.

Mixed emotions can hardly describe my feelings of this day. Wyoming's congressional delegation forged a strong and a very deep personal relationship, a partnership, some 10 years ago.

We are all here today, Malcolm, Dick, and myself. We all come from this unique land of high altitude, low multitude, natives all, all natives. We present and represent a fiercely proud electorate of thoughtful, I say always thoughtful, well-read, highly articulate, and highly opinionated people in Wyoming.

I want to tell you too that in Federal public office in Wyoming, baldness is an attribute. And I want you to know that.

So many times we have stood strong together. Our members are small, three of us, our determination great. And we have stood strong together with a great love for Wyoming, and a real sense of obligation.

Dick Cheney is a man of Wyoming roots who has brought us great pride in Wyoming, great fame to Wyoming long before this honored nomination by our fine President. He will do all America proud, just as he has always done Wyoming proud.

I will not go into my memory of him, but I first met him when I was a brand new freshman member of the Wyoming legislature, and he was an intern there in 1965. And I watched him just go from there. Malcolm and I were in the legislature at the same time.

You know what he has done. And I think it was Bob who has reflected upon those who are the sages of government in this town—boy, there are a lot of them—of the Washington scene who discuss the role of White House chief of staff as the Dick Cheney model, with great respect and admiration.

That is because he tackled that job just as he does every single task, with provable competence, professionalism, and sincere dedication.

So he came back to Wyoming, and in 1978, when I ran for the Senate, he was successful in that spirited race because the people of Wyoming had it all figured out. You see they know that they get only one vote over there in the House of Representatives, and they wanted Dick Cheney to be the person to cast that singular vote. And they knew that Dick Cheney packs a ton of bang for the buck in that role.

He knows how it works in this town, and it is not a game to him. It is to some. It is called performing a duty to your country. Corny, but that is the way he looks at it. He has risen to the second highest post of his party in the House of Representatives, and then his President called.

He knew what the answer would be. Malcolm and I also knew what it would be, and he responded. And America will be the better for it.

But I think, Mr. Chairman, seldom do we have the opportunity to see the credentials and capabilities of a man as fine as Dick Cheney.

It should give all of us in this room pause, and a great sense of relief and satisfaction that people like this man will serve this country and submit themselves to this kind of a process, which we saw in these last days can be quite demeaning and quite dehumanizing.

Now comes Dick Cheney before you. There could not be a finer man, and I present him to you with great excitement and great pride. He is a special friend. We campaigned together for 10 years. Our first campaign out on the road was just plain fun.

Malcolm Wallop, our fine friend, was here before the two of us. Late in the campaign when he joined us, he said what is this with you and Cheney, a traveling gong show? We had a lot of fun together.

He has unceremoniously stolen some of my finest stories. He has invented new ones and blamed them on me. And I hope and pray that the elevation to this national post will deter him from ever again relating the dog-eared old saw about the Riverton radio station. Do not ask him about it, do not encourage him in any way.

I share the podium with him many times. Malcolm and I have sat with him in countless meetings. And on each and every occasion, our admiration for his intellect and ability only deepens and enriches itself.

So the excitement in me this day is tempered by truly a sense of personal sadness, just a shred of that. I will very much miss this man. The small State of ours conferred national office on the three of us, and we took our work seriously, but never ourselves.

Malcolm and I are going to miss our friend and our co-worker, and yet America will gain. And my sense of selfishness is not very becoming, but it is still surely there.

Then I want America to know Dick's partner in life, Lynne Cheney. She is the chairperson of the National Endowment for the Humanities, an absolute dynamo of energy and brilliance, an extraordinary woman, wife, mother, teacher, holder of a Ph.D., author.

They have two very delightful and vivacious daughters, Liz and Mary. And talk about a couple of campaigners. I have seen those two young ladies work. They have grown into womanhood in the 10 years that we have worked together here in Washington.

So you have before you in Dick Cheney the ultimate legislator, a creative leader, a knowledgeable and spirited man who in every sense is ready to make a difference. And all of us come here for some deep-down purpose, not always shared with the public, some urging in us, some stirring, some even with a lust for power, if you will pardon the expression, some with lesser goals and some whose heads are forever turned in this place.

But Dick Cheney is one of the most steady and unflappable men I have ever known anywhere, anytime, under any circumstances. And he will need it all. Because this is a tough job and a superb choice.

So Malcolm and I and the good people of Wyoming will greatly miss him in Congress, but to my fellow Americans, you are so very, very fortunate to have this man step forward to answer the President's call.

It is one of the finest honors, Mr. Chairman, and ranking member, and members, my colleagues, that I have experienced in 24 years of public life to present to you a fellow legislator, a native Wyomingite, a truly remarkable man of all seasons.

He is the kind of a person who can make it all work better—my friend, Dick Cheney. I thank you.

Chairman **NUNN**. Thank you, Senator Simpson. We appreciate all of our panel of introducers being here today, and Representative Cheney, we are delighted to have you, and we will let you open with any opening statement you may want to make, including, if you would like to disregard Senator Simpson's admonition, telling us about the Riverton radio station.

[The nomination reference of Richard B. Cheney follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
March 14, 1989.

(Under authority of the order of the Senate of January 3, 1989)

Ordered, that the following nomination be referred to the Committee on Armed Services:

Richard B. Cheney, of Wyoming, to be Secretary of Defense.

[The biographical sketch of Richard B. Cheney, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF CONGRESSMAN DICK CHENEY OF WYOMING

Dick Cheney was born January 30, 1941, in Lincoln, Nebraska, and moved to Casper, Wyoming, at a young age with his parents, Richard H. and Marjorie Cheney.

He attended elementary schools in Casper, graduated in 1959 from Natrona County High School, and earned B.A. and M.A. degrees in political science from the University of Wyoming in 1965 and 1966. He was a Ph.D. candidate in political science at the University of Wisconsin in 1968.

Cheney married Lynne Vincent of Casper on August 29, 1964. They have two daughters—Elizabeth, born July 28, 1966, and Mary, born March 14, 1969.

PUBLIC SERVICE

Cheney began his public service in 1965, when he served as an intern in the Wyoming State Legislature in Cheyenne. In 1966 he was selected by the National Center for Education in Politics to intern on the staff of Warren Knowles, then governor of Wisconsin. In 1968, the American Political Science Association selected him for its Joseph E. Davies Congressional Fellowship, which he served as an assistant to the late Congressman William A. Steiger, R-Wisconsin.

In May 1969, following his Steiger fellowship, Cheney began several years of federal service under Presidents Nixon and Ford. From May 1969, to December 1970, he was Special Assistant to the Director of the Office of Economic Opportunity. From December 1970, to September 1971, he served as Deputy to Donald Rumsfeld, the White House Presidential Counsellor. And from September 1971 to March 1973, he was Assistant Director for Operations of the Cost of Living Council.

In March 1973, Cheney left government service to become Vice President of Bradley, Woods and Company, Inc., an investment advisory firm.

In August 1974, when Gerald R. Ford assumed the presidency, Cheney served on the Ford transition team and, beginning in September, as a Deputy Assistant to the President. In November 1975, he was named Assistant to the President and White House Chief of Staff, a position he held through the remainder of the Ford Administration, until January 1977. In 1976, Cheney was named by the U.S. Jaycees as one of the ten outstanding young men in America.

He returned to his home state of Wyoming in May 1977 to resume investment banking activities. Cheney was elected to Congress in November 1978. He was re-elected in 1980, 1982, 1984, 1986, and 1988.

For the 1981-82 Congress, he was chosen by his Republican colleagues to serve as Chairman of the House Republican Policy Committee, becoming one of the few members ever elected to a leadership position after only one term in office. He was re-elected to the Policy Committee Chairmanship for the 98th, 99th, and 100th Congresses.

In June 1987, he was unanimously elected Chairman of the House Republican Conference, which functions as the party's caucus and provides information to its members on pending legislation. The Conference Chairman is the third-ranking House GOP leader.

In December, 1988 he was unanimously elected House Republican Whip for the 101st Congress, the second-ranking Republican leadership position. The whip is responsible for polling Republican members on pending legislation, keeping them informed of the agenda on the House floor, and acting as Republican leader whenever the House minority leader is absent.

Cheney is a member of the House Committee on Interior and Insular Affairs, where he serves on two subcommittees—National Parks and Public Lands, and Water and Power Resources. He is also a member of the House Permanent Select Committee on Intelligence, serving as ranking Republican on its Subcommittee on Program and Budget Authorization. He was ranking Republican on the 15-member House Select Committee to Investigate Covert Arms Deals with Iran.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Richard B. Cheney in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Richard Bruce Cheney.

2. **Position to which nominated:**
Secretary of Defense.

3. **Date of nomination:**
March 13, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
January 30, 1941, Lincoln, Nebraska.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Lynne Ann Vincent Cheney.
Married: August 29, 1964.

7. **Names and ages of children:**
Elizabeth Cheney, July 28, 1966.
Mary Cheney, March 14, 1969.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
1955-1959, Natrona County High School.
September 1959-January 1961, Yale University.
January 1962-May 1962, Yale University.
January to May 1963, Casper College.
September 1963-June 1966, University of Wyoming.
January 1965, BA degree; June 1966, MA degree.
August 1966-August 1968, University of Wisconsin, Ph.D.; candidate passed preliminary Ph.D. exams in August of 1968, never completed dissertation.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
January, 1979, to present, Member of Congress, U.S. House of Representatives (Wyoming).

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
None. My sources of outside income, since I took office in 1979, are publicly disclosed on forms on file with the Clerk of the U.S. House of Representatives.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.
American Political Science Association.
Gerald R. Ford Foundation.
Council on Foreign Relations.
Center for Strategic and International Studies.
Center for Security Policy.
Aspen Institute.
Jamestown Foundation.
Board of Visitors, University of Wyoming.

13. **Political affiliations and activities:**
(a) List all offices with a political party which you have held or any public office for which you have been a candidate.
United States Congress.
(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.
Chairman, Republican Boosters Club, 1985-1988.
Chairman, Rules Committee, 1988 Republican National Convention.
Spoke on behalf of Republican candidates throughout the country.
(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

1984:

Wyoming Republican State Central Committee	$1,000
Duperier for Congress Committee	1,000
Denny Smith for Congress	1,000
Mahan for Congress	1,000
Siljander for Congress	1,000
Fremont County Republican Party	100

Mac Sweeney for Congress	1,000
Total	6,100
1985:	
Wyoming Republican State Central Committee	1,000
The Campaign Fund for Republican Women	100
GOP Womens' Political Action League	150
Ziebart for Co-Chairman	100
Friends of Edd Hargett	500
Don Crane for Congress	250
Total	2,100
1986:	
Wyoming Republican State Central Committee	1,000
Gandy for Congress	1,000
Hastert for Congress	1,000
Mary Ann Collins for County Clerk	1,000
People for Wortley	1,000
Marion Bouzis for County Commissioner	100
Thomson for Secretary of State	1,000
Mike Strang for Congress	1,000
McIntyre for Congress	1,000
Citizens for Economic Development	250
Simpson for Governor	1,000
Cobey for Congress	250
Total	9,600
1987:	
Wyoming Republican State Central Committee	1,000
Livingston for Governor	1,000
Weldon for Congress	1,000
Kilberg for State Senate	100
Konnyu Election Committee	1,000
Terry Holcomb for Congress	1,000
Friends of Connie Mack	1,000
Natrona County Republican Party	500
Wyoming College Republicans	250
Total	6,850
1988:	
Wyoming Republican State Central Committee	1,000
Jim McCrery for Congress	1,000
Carol Marshall for State Senate	100
Arey for Congress	1,000
Laramie County Republican Central Committee	1,000
Jack Davis for Congress	1,000
Jim Hansen for Congress	1,000
Knox White for Congress	1,000
Bob Lagomarsino for Congress	1,000
Peter Smith for Congress	1,000
Ted Blanton for Congress	1,000
Bill Paxon for Congress	1,000
Clyde Holloway for Congress	1,000
John Miller for Congress	1,000
Ann Haney for Congress	1,000
Hal Daub for Senate	365
Total	14,465
1989:	
Dan Heath for Congress	1,000
Alabama Three Committee	1,000

Wyoming Republican State Central Committee	1,000
Total	3,000
Grand total	42,119

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

1968, American Political Science Association's Joseph E. Davies Congressional Fellowship.

1976, United States Jaycees "Ten Outstanding Young Men in America" Award.

1988, Gerald R. Ford "Outstanding Service Award."

1988, Jamestown Foundation "Freedom Award."

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

American Enterprise Institute, *The Past and Future of Presidential Debates*, "The 1976 Presidential Debates: A Republican Perspective." (1979).

American Enterprise Institute, *Parties, Interest Groups, and Campaign Finance Laws*, "The Law's Impact on Presidential and Congressional Election Campaigns." (1980).

Kings of the Hill, co-authored with Lynne V. Cheney, Continuum Publishers, New York, 1983.

The Washington Times, "Tip's unseemly role as Speaker," July 31, 1984.

Los Angeles Times, "Not Above the Law, but Well Within It." May 27, 1987.

Wall Street Journal, "Covert Operations: Who's in Charge?" May 3, 1988.

Public Opinion, "Unruly House: A Republican View," January-February, 1989.

In addition, I have given numerous public speeches which are informal remarks but which may have been transcribed and published.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

"The Alliance and its Challenges; Forty Years After," Keynote Speech, the American Council on Germany Conference, Dallas, Texas, March 28, 1985.

George Mason University, 1988, "Clarifying Legislative and Executive Roles in Covert Operations," March 30, 1988.

In addition, I have given numerous other speeches which may have been transcribed or published, including many speeches printed and indexed in the Congressional Record.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

The President and I have had a long and close working relationship over the years, and he knows me very well. I'm honored to be asked to join his administration. I look forward very much to working with him, Brent Scowcroft, and Jim Baker, in the difficult assignment ahead. I think the next four years hold significant challenge in terms of U.S. defense policy, and I am glad to be a part of the team and eager to get to work to help the President address some of these very important issues.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have long been interested in defense issues. I regularly attended the National Security Council meetings when I was Chief of Staff in the White House. I have actively followed those issues in the Congress.

I currently serve as the senior Republican on the Subcommittee on Program and Budget Authorization of the House Intelligence Committee, which authorizes all of our intelligence programs and the related activities of many defense agencies, such as the National Security Agency, the Defense Intelligence Agency, and the tactical intelligence programs in all of the armed services in the Pentagon.

I have studied and spoken about defense issues as a member of the advisory board of the Center for Strategic and International Studies, the Council on Foreign Relations, the Project on Monitoring Defense Organization, the Center for Security Policy, and the Aspen Strategy Group. I introduced legislation in 1986 to require the White House to issue an annual review of the nation's security strategy. From its inception, I have been a member of the bipartisan Congressional Military Reform Caucus. And I have sought to educate myself on the combat readiness of our forces by visiting military bases, ships at sea, submarines, visiting with enlisted personnel.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Richard Bruce Cheney.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the Government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organizaiton?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave Government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the general counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

DICK CHENEY.

This 13th day of March, 1989.

STATEMENT OF RICHARD B. CHENEY, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING AND NOMINEE TO BE SECRETARY OF DEFENSE

Mr. CHENEY. Well, with friends like these, obviously you can see why the decision to leave the House has been a personally very wrenching one. It is not something that I do very lightly.

I suppose the best way to proceed would be to open with the Riverton radio station story. It seems only appropriate.

Chairman **Nunn**. If it comes from Senator Simpson, we will have to go into executive session. [Laughter.]

Mr. **Cheney**. Senator, I have told this story all over Wyoming so often that the chance to have it now on national television is just too good to pass up.

Mr. **Simpson**. No, it is not.

Mr. **Cheney**. It is a true story. It actually occurred to me. In one of my campaigns in Wyoming. We have a small community of Riverton, which has a radio station on the south-side of town.

I had been staying in a neighboring community and one morning, as we all have done in the course of the campaign, I was driving over to Riverton to appear on the show. That was in the days of the 55-mile an hour speed limit.

And we had the radio on in the car, the radio station that I was supposed to arrive at. And the master of ceremonies was on the air saying that they had invited me to appear on the show but that I was not there. They did not know where I was.

Obviously, there had been some kind of scheduling foul-up, and we were late. So my aide stepped on it, got it up to 55 miles an hour, and we pulled into the radio station, which for years in Riverton has been on the south side of town, and we pulled into a gravel parking lot.

I jumped out of the car and went tearing up the driveway and into the front door of the building where the radio station was. As I went through the front door I noticed there was a person standing over here to my left, an individual, I did not really see who it was, it just sort of flashed by and registered on my vision as I went through.

I got into the middle of the room and stopped, and it did not look very much like a radio station. Over here through this door there was a kitchen, back over here I could see a small baby crawling around the floor in diapers.

At that point I turned around and I looked at the individual I had passed as I came through the doorway, and it was the lady of the house vacuuming the carpet at 9 o'clock in the morning in her nightgown.

She looked at me and she said, "I bet you are looking for the radio station, are you not?" I said, "Yes, I am indeed looking for the radio station." She said, "Well, it moved last week. This is now my private home, and the new radio station is up town." The building still had the call sign on the end of the building.

So I started back out the door, and of course, as I left, I felt like an absolute fool, bursting into her house unannounced at 9 o'clock in the morning. And so as I left I introduced myself to her as her U.S. Senator, Alan Simpson. [Laughter.]

I want to thank the committee for giving me that opportunity.

Mr. Chairman, I, as you all know, am not here because I sought the position of Secretary of Defense. I am here because the President has asked me to undertake a very difficult assignment.

And as I mentioned earlier, it is indeed a wrenching personal decision. I have devoted the last 10 years to service in the Congress of the United States. I have enjoyed that responsibility immensely, and it is with a heavy heart that I turn my back on that career now to take up the challenge that the President has asked me to.

But I think the issues that are before us in 1989, in the 101st Congress and the years immediately ahead in the national security field, as we are faced with a rapidly changing world, and dealing here at home with the continuing difficulties that the budget pressures have presented us, means that the job of serving as Secretary of Defense in the years ahead is an extremely challenging one.

I have spent the last few days responding to all of those requests for information that are a normal part of the process. I was first contacted on Thursday afternoon about the job, closed the deal with the President on Friday, spent Saturday and Sunday filling out forms.

I spent yesterday morning at the White House, yesterday afternoon at the Defense Department, and Tuesday I am before the committee.

So I am prepared at this point, Mr. Chairman, with those very brief opening remarks, to respond to whatever questions and concerns the committee might choose to share.

Chairman NUNN. Thank you very much, Representative Cheney. Just to show how rapidly the committee can work here on occasion, we are ready to consider, now that we have a quorum, 3,517 pending military nominations that have been before the committee and require a length of time to which no objections have been raised. The military nominations proposed for consideration today appear on the list that every member has.

Do we have a motion we approve these military nominations?

Senator EXON. So moved.

Chairman NUNN. Is there a second?

Senator WARNER. Second.

Chairman NUNN. All in favor signify by saying "aye." [Chorus of ayes.]

Opposed?

[No response.]

The motion carries.

[Summary of military nominations considered and voted on by the committee follows:]

MILITARY NOMINATIONS WHICH HAVE BEEN PENDING IN THE SENATE ARMED SERVICES COMMITTEE THE REQUIRED LENGTH OF TIME AND WHICH ARE PROPOSED FOR THE COMMITTEE'S CONSIDERATION ON MARCH 14, 1989

1. Lieutenant General Colin L. Powell, USA, to be general (Reference No. 78)
2. Major General Donald W. Jones, USA, to be lieutenant general (Reference No. 79)
3. In the Air Force there are 36 appointments to the grade of second lieutenant (list begins with Eugene A. Beardsless) (Reference No. 178)
4. In the Army Reserve there are 24 appointments to the grade of colonel and below (list begins with Bram H. Bernstein) (Reference No. 179)
5. In the Army there are 5 promotions and appointments to the grade of colonel and below (list begins with John M. Long) (Reference No. 180)
6. In the Army there are 11 promotions and appointments to the grade of lieutenant colonel and below (list begins with Robert H. Langston) (Reference No. 181)
7. In the Naval Reserve there are 9 appointments to the grade of commander and below (list begins with David A. Austin) (Reference No. 182)
8. In the Air Force there are 7 appointments to the grade of second lieutenant (list begins with David L. Cloe) (Reference No. 183)

9. In the Air Force there are 1,571 appointments to a grade no higher than captain (list begins with Michael L. Abbott) (Reference No. 184)

10. In the Air Force there are 1,021 appointments to the grade of second lieutenant (list begins with Timothy L. Abel) (Reference No. 185)

11. In the Naval Reserve there are 42 appointments to the grade of lieutenant (list begins with Arne J. Anderson) (Reference No. 193)

12. In the Army Reserve there are 8 appointments to the grade of major general and below (list begins with Joseph H. Brooks) (Reference No. 197)

13. In the Naval Reserve there are 9 appointments to the grade of commander (list begins with Michael J. Epstein) (Reference No. 200)

14. In the Navy and Naval Reserve there are 32 appointments to the grade of commander and below (list begins with Kelly N. Alvey) (Reference No. 201)

15. In the Naval Reserve there are 740 appointments to the grade of captain and below (list begins with John B. Anderson) (Reference No. 204)—Total 3,517.

Chairman NUNN. Representative Cheney, I have a few questions, and I know we will be rotating it around.

Let me start by pointing out that you have been on the Intelligence Committee, you have been a member of the military reform group. You have been following national security affairs for a long, long time. You know the budget situation we are in.

What do you believe to be the top priorities in the Department of Defense now, as far as your own role and what you will be addressing?

Mr. CHENEY. Well, my first priority, Mr. Chairman, is obviously personnel.

We are at a point, because of the delay in getting someone on board over there, that we have a number of vacancies, a number of holdover people. But clearly there are going to be some fairly fundamental changes in personnel.

And the decisions that the Department will make in the years ahead will be directly affected by the quality of the people that we are able to bring on board at the beginning of this administration.

In addition to that, of course, we have specific mandates from the President that we are currently working on. There is a broad general review of strategy and trying to match our national security strategy to our military assets and capabilities. That review is under way, and due to the White House in a little over a month.

There is obviously the management review that is also under way. We have a mandate from the President to implement the recommendations of the Packard Commission.

And finally, of course, and of most immediate concern, is the ongoing effort within the Pentagon to respond to the decision by the administration to reduce the requested amount of funding for the coming fiscal year by some $6 billion from the request earlier submitted in January.

Those decisions have to be made within the next few weeks if we are going to make the timetable of the budget here. So those are the immediate priorities I would propose to address.

Within that, obviously, there are a whole range of other questions that will be looked at in context of those broader requirements, specifically the future question of mobility with respect to the ICBM force, what role SDI might play, general questions of procurement reform and acquisition reform.

So there is a great deal of work to be done, Mr. Chairman.

Chairman NUNN. You mentioned procurement reform and acquisition reform, and you alluded also to the Packard Commission.

Have you had a chance to review the Packard Commission recommendations? Do you have any observations on those recommendations as to which ones have not been yet implemented and how you would view those as far as your priorities?

Mr. CHENEY. I have not had a chance to go over it in great detail. I briefly looked at the summary of the report. I reviewed it a couple of years ago when it was completed.

I do not currently know what the status is of the reforms inside the Department. I know that an aggressive effort is under way to respond to the President's request, and certainly it would be my intention, should I be confirmed by the Senate, to move as rapidly as possible to carry out that instruction.

Chairman NUNN. We passed in 1986, Congressman Cheney, the Goldwater-Nichols Department of Defense Reorganization Act of 1986. And that has been partially implemented.

Did you follow that legislation at that time? Do you have any observations on it now?

Mr. CHENEY. I had some involvement with it at that time. As Senator Warner mentioned earlier today, Mr. Chairman, he and I co-sponsored legislation calling upon, or requiring the President to submit an annual national security strategy report that was ultimately incorporated within the Goldwater-Nichols bill when it was finally adopted.

I personally believe the Goldwater-Nichols approach is an excellent one. I supported it, as a Member in the House of Representatives, and would look to it as something that obviously I would have an obligation to carry out as Secretary of Defense.

Chairman NUNN. Senator Cohen and I and others on this committee have been very interested in the low-intensity conflict capabilities, and we have had a reform and reorganization of special operation forces. Senator Cohen was the intellectual force behind this.

What is your general view toward low-intensity conflict preparation in the Department of Defense? How important a priority do you view that, as opposed to worldwide scenarios?

Mr. CHENEY. Well, I think we will find, Mr. Chairman, in the years ahead, especially if current trends continue, that is to say if we see a lessened Soviet threat, that increasingly our military requirements are going to be influenced by the need to deal with conflicts in the Third World, to deal with low-intensity conflict, as you have stated.

I think it is important that the Department be organized to deal with those kinds of issues. I think the provisions in the Goldwater-Nichols bill ought to be implemented, with respect to the establishment of the Assistant Secretary.

I realize it has been something of a controversial issue with prior administrations, but certainly it is the law of the land, and I would take that as a mandate in terms of how I operated.

Chairman NUNN. In the State of the Union Address, President Bush on February 9 talked about the need for 2-year budgeting.

We have heard, had some indications that there may be less enthusiasm for the second year of the 2-year budget on the Defense Department this year. Have you had any discussions within the administration now about whether the budget amendment that will be submitted will be a 1-year amendment or a 2-year amendment?

Mr. CHENEY. I sense that there is something of a debate, Mr. Chairman, over that point.

My own preference, speaking from the perspective of the Defense Department, would be for a 2-year amendment. I think one of the great difficulties we have encountered over the years, with respect to the way we deal with defense policy, has been our tendency to make annual changes in spending and not have steady, reliable, predictable funding levels.

And anything we can do to discourage that kind of on-again off-again budgeting strikes me as a positive benefit from the perspective of the Defense Department. Obviously, the final decision will be worked out in conjunction with the President when the review that is currently under way is completed.

But I can assure the committee that my preference will be for as long a range projection as possible.

Chairman NUNN. I hope you win that argument within the administration. We have really struggled to get a 2-year process going.

We need to do a whole lot more long-range thinking in the Department of Defense, and I hope the 2-year budget started under Secretary Weinberger can be continued. I know it makes it complicated and complex as far as the second year is concerned.

But I am hoping that we can start in the Department of Defense and it will indeed spread to other agencies of Government, so we can begin a longer-term process. So we view this as a high priority.

There has been a lot of talk within the administration about the Gramm-Rudman-Hollings sequester for defense, and I think there have been a number of statements indicating the administration, of course, has that as a distinct possibility if other things fail. And we will all be bound by the law. But I hope that we will be able to avoid that kind of sequester, because it would be injurious to defense. Do you have any kind of view on that?

Mr. CHENEY. I do, Mr. Chairman. Some years ago when Gramm-Rudman-Hollings passed, I was one of the sponsors of that measure in the House of Representatives.

I think viewed in the aggregate, in terms of fiscal policy, it has brought more discipline to the budgeting process and the Congress than would have otherwise been the case, and the administration as well.

I, too, would be concerned about a sequester. I think we ought to try to avoid a sequester at all costs, because of course the way the formula currently works, half of the sequestered funds would come out of the Department of Defense, and that would be a hit, if you will, that would be extremely difficult to accept and to implement, especially in light of the fact that the Gramm-Rudman-Hollings bill requires those reductions to be made in terms of outlays.

I would urge, as strongly as possible, both my colleagues in the administration and my former colleagues in the Congress to try to reach some kind of an accord so that we can in fact avoid such a sequester later this year.

Chairman NUNN. My time has expired. Senator Warner.

Senator **WARNER**. Thank you, Mr. Chairman. My first subject deals with the Soviet Union.

We have witnessed the advent of perestroika, glasnost. We see the Soviet willingness now to come to the arms control table, not only with the United States but in a multinational forum. We see them taking an active role in world trade.

My question to you is, how do you view the changes taking place in the Soviet Union, and whether those changes have reached the point where we should begin to make some budgetary decisions in the Department of Defense of a major nature?

Mr. **CHENEY**. Well, Senator Warner, let me answer the last part of your question first.

I do not believe we have reached the point in terms of developments in the Soviet Union that would allow us to begin to save money, if you will, because of reform or changes inside the nation of our number one adversary.

I must admit that originally I was a great skeptic where Mr. Gorbachev was concerned. I had major reservations about whether or not he was sincere in his stated desire to reform the Soviet Union.

Over the years, as I have watched him operate—met and discussed these issues with him on a couple of occasions—I have reached the point where I personally am persuaded that he is indeed convinced that the status quo in the Soviet Union is unacceptable, and where he is committed to a policy of reform.

I think he is very serious about trying to improve the overall efficiency of the Soviet economy. I think he is aware that to do that there is going to have to be some fundamental political changes as well.

But, having said that, I think it would be a grave mistake for us to assume at this point that it is appropriate for us to, in any way, reduce our own military capabilities or lessen our own defense posture.

I am frankly somewhat skeptical about the likelihood of his success in terms of his reform drive. I look at the status of the Soviet economy today, and insofar as I am aware, there is virtually no evidence of any improvement in any of the economic indicators within the Soviet Union. In other words, it is not at all clear that he has been able to deliver any economic change.

I think it is important for us to remember that he is the General Secretary of the Communist Party of the Soviet Union. That is his philosophy and his belief and his attitude.

And while certainly we ought to take advantage of every opportunity that the new era of good feeling, if you will, seems to present, certainly we ought to pursue an aggressive agenda with respect to the Soviet Union, we ought to seek arms control agreements where they are in our interest and where they improve security.

I think we have to be very cautious, I think there is a real danger that in the West, the perception of change in the Soviet Union will exceed the reality of change in the Soviet Union.

But our allies in Europe and elsewhere around the world will find it very difficult to maintain the level of commitment in terms of resources because of domestic political pressures as they respond to this perception of a lessened threat from the Soviets.

And the final point, of course is there is always the possibility that Mr. Gorbachev will be replaced by someone who does not share his views or his commitment to reform, or who does not adopt his relatively non-threatening posture toward the West.

So, I would see it as my responsibility, Senator, that in light of the current state of affairs, and certainly until such time as the President and the Congress were to agree that the time had arrived for us to reduce our military commitments, I do not believe that is possible at present, and I would argue strenuously against it.

Senator WARNER. Congressman Cheney, I think this country will continue, under the leadership of President Bush, to explore how we can achieve a more stable and sustainable relationship with the Soviet Union.

But I fully concur in your views that the progress to date, if in fact there is much, does not justify any budget decisions which would result in major force restructure, or cutbacks in our own national defense.

Now, given that, I continue to believe, and I think you in this most recent answer share the view, the Soviet Union is still a principal threat to the security of the United States and its allies.

Let us turn to drugs, which is another major threat to our Nation. We had an extensive debate here in the Congress last year on the question of the participation by the U.S. military forces in drug interdiction

As I look back over the record, some of the pieces of legislation in the House, in my judgment went perhaps too far. The Senate took a more conservative, nevertheless positive approach, encouraging the Department of Defense to look for additional ways in which to participate. Indeed, I believe the final bill reflected more the Senate perspective than that of the House.

Now, I think we have got to renew that analysis again this year, and indeed every fiscal year, to determine how the Department of Defense can assist in this problem—not only of interdiction but education at home.

I have two specific questions. Subject to confirmation, you are about to take over the responsibility of the 2 million men and women in the Armed Forces. Having now witnessed the debate of last year, what would be your approach and guidance to them under the current law and how we might look for additional ways of providing assistance in the future?

Most specifically, I believe the chairman and I are clearly on record as reluctant to see the power of arrest given to our uniformed personnel. Do you share that view?

Mr. CHENEY. Senator Warner, I, like I think all the members of this committee, am deeply disturbed by what I see in our society that has been brought about by the spreading habit of consumption of illicit narcotics, to watch what is transpiring on the streets of Washington, the Nation's capital city, on a daily basis has to be of great concern to any American.

The President yesterday held a session with the Cabinet, and with Mr. Bennett, the new drug czar, at which he made it clear that he would like to have his administration officials, to the extent it is appropriate within the constraints of the statutes under which they operate, cooperate with Mr. Bennett in his efforts to coordinate national policy on this important issue.

I think the Defense Department does have assets and capabilities that are useful in terms of trying to interdict the illicit flow of drugs. I think our first priority has to be to reduce or eliminate the consumption of drugs within our own ranks. And I think the track record there has been very good.

I am concerned that we have to remember the purpose of the Defense Department. The purpose of the Defense Department, basically, is to provide for national security, to be prepared to fight a war if necessary.

And we should not get its role and responsibility confused with that of a local law enforcement agency which has all the powers of arrest, as you mentioned.

I think it is important, especially in a free society that values democracy and individual liberty and has respect for individual rights, that we not expect men and women who are trained to function in military units to simultaneously double as law enforcement officers capable of making arrests and safeguarding the rights of the accused, et cetera.

So it is a delicate balance that is called for. I would clearly as Secretary, should I be confirmed, carry out my responsibilities in accordance with existing statutes. Should there be a need to seek any kind of modification of those statutes, then certainly I will be back before the committee.

Senator **WARNER**. I thank you.

Chairman **NUNN**. Thank you, Senator Warner.

Senator Levin, you are next.

Senator **LEVIN**. Thank you, Mr. Chairman. Let me join in welcoming you, Representative Cheney. I know you both personally and by reputation. You have received high grades in both areas, and I want to add my welcome to you and your family.

One of the issues we have been struggling with is how the military burden should be shared between ourselves and our allies. Right now the United States bears a disproportionate share of the cost of the common defense. Our taxpayers pay roughly seven times what a Japanese taxpayer pays, and roughly twice what a Western European taxpayer pays for the common defense. Our country currently is deeply in debt and we are going even further into debt.

If we spent as much on defense as they do in Japan, we would have no deficit. We actually spend more money defending Western Europe than Western Europe spends defending Western Europe, and our share of the mutual defense cost has actually grown in the last 8 or 9 years. The share of Western Europe's costs have gone down from 47 percent to 30 percent of the cost of the common defense budget in the last 8 years.

My question to you is whether or not you will be working with the Congress to try to find practical, hard-hitting, realistic ways, that are more than rhetoric, to try to reduce the costs to the American taxpayer of the common defense. We obviously want a strong defense, but we also want to make sure that our allies pay a fair share of the common defense.

Mr. **Cheney**. Senator, I share your concern about burdensharing. I do think there are ample grounds for the notion that the United States for a long time has carried a larger burden than have our allies. I certainly would expect to work with the committee and with the Congress, should I become Secretary, to try to generate, if you will, a more equitable sharing of those responsibilities.

I think, though, it is important to make a couple of other points. I would argue that we are most likely to be successful in terms of encouraging our allies to contribute more to the common defense if we approach it not on the basis of this is so that the United States can save money, but rather on the basis of this is what is required for our common defense and in light of your overall economic capability and performance your share should be *x* amount.

Now, obviously, we have had debates over the years about what constitutes burdensharing and different elements contributing to the defense. The Germans clearly contribute in ways that no one else does by virtue of being on the front line, having so many troops based on their soil, and dealing with the difficulties that stem from that.

But I would think that it is appropriate, especially at a time when other nations are growing relative to ours in terms of their overall national wealth, that we should continue to seek, as we have in the past, a greater contribution from our allies toward the common defense.

Senator **Levin**. I want to follow up Senator Warner's questions on the Soviet Union. You have given us your feelings about the changes which are taking place in the Soviet Union and you seem to have come to the conclusion that Gorbachev really wants to reform his economy and do some other kinds of reforms inside of the Soviet Union.

Do you now believe that the Soviet Union is sincere in seeking arms control agreements?

Mr. **Cheney**. Yes. I am basically inclined to believe that they are sincere in seeking arms control agreements. They are tough bargainers. They always have been. But I think the successful completion of the INF accord last year, which I supported, is an indication that we clearly have made and continue to make progress.

Given the talks that are under way and recent proposals coming from the Soviet leadership with respect to conventional forces I believe that the opportunity exists, the possibility exists that we may well be able to reach further accords.

Senator **Levin**. A related question is whether or not it is in the interest of the United States that Gorbachev succeed in his efforts to reform the Soviet economy.

I am not asking you whether or not we should in any way assist him, assuming that there were a way to assist him. And there are a lot of us who are dubious about just how much of an impact we could have in that area if we wanted to get involved.

So, my narrow question is, is it in our interest that Gorbachev succeed?

Mr. **Cheney**. Well, Senator, that is a question that many of us have debated for some time, and I am not sure the answer is all that clearcut. I would think reasonable people can look at those circumstances and come to totally contradictory conclusions.

Obviously, if you had a Soviet Union that was revitalized, one with a strong, healthy economy and the same kinds of policies toward the rest of the world that dominated during the post-war period, that would not be good from the standpoint of the United States. It would mean that we were faced with an adversary far more capable than the one we are faced with today.

On the other hand, I am inclined to think that if you buy the argument that economic change and progress in the Soviet Union requires and will only occur with fundamental political change as well—less central control, greater freedom for individual citizens, more elements of a market economy involved, a less onerous hold on Eastern Europe—then I think you could conclude that in fact his success would be a benefit to the United States.

Senator Levin. Are you leaning in either direction?

Mr. Cheney. I think we are going to have to wait and see how the evidence unfolds and develops.

One of the things that makes it difficult for me personally to draw a final, definitive conclusion is this debate over whether or not the policies that we currently see pursued in the Soviet Union—glasnost and perestroika—are simply the product of one man, Mr. Gorbachev, or whether they are the product of historical forces at work in the Soviet Union that would have to occur regardless of who was General Secretary.

And when the changes first came about and were first discussed earlier in the Gorbachev reign, the experts told us that this was the work of one man, that it was the power of his personality and his belief and his attitudes that were driving the reform movement in the Soviet Union.

Increasingly, as time has gone along, I find the experts saying no longer is it the work of just one man; it is the result of historic forces and whoever was the leader of the Soviet Union today would be forced to deal with a similar set of problems and that his options would be relatively limited under those circumstances.

It is an intriguing debate. It is a very important debate. It is one I think we have to address on a continuous basis. But I think while we debate these very interesting issues we cannot let our guard down, and it is far too soon for us to make a decision based upon those developments, that we should somehow lessen the state of our readiness.

Senator Levin. My time is up. Thank you, Mr. Chairman.

Chairman Nunn. Thank you, Senator Levin.

Senator Wallop.

Senator Wallop. Thank you, Mr. Chairman.

Dick, as you know, on December 7, Mr. Gorbachev, while at the United Nations, announced a unilateral reduction of Soviet forces in Europe. Last week Mr. Shevardnadze announced that as part of this unilateral reduction the Soviets would also reduce associated theater nuclear systems.

Have you had time to speculate as to what impact you think these announcements will have on NATO's efforts to modernize short-range nuclear forces, as per the Montebello decision?

Mr. Cheney. That is an important question, Senator. Obviously, Mr. Gorbachev has become very adept at making pronouncements about Soviet willingness to either unilaterally reduce, as in the case of his December announcements or, more recently, negotiate a significant reduction in forces in Europe.

We cannot afford to ignore those propositions. We have to consider them very seriously. I think we also have to keep in mind, though, that those pronouncements may well be offered based upon a calculation of their impact upon the alliance and the ability of the United States to maintain alliance cohension and unity in the years immediately ahead.

I think more than anything else we have to be guided by what we see by way of changing Soviet capabilities. It is not enough for us to respond when he signals an intention to adopt a less hostile and less threatening posture.

But, obviously, if the Soviets continue to pursue the notion of further reductions or withdrawals of theater nuclear weapons, that is going to make it more difficult for the United States and for our allies to maintain the kind of political support that is required to do what is needed with respect to our own short-range systems in Europe, where I think modernization is in fact required.

Senator Wallop. Given that, though, it would be your counsel to the President and your counsel in the councils of NATO that we probably ought to wait to see actions rather than hear rhetoric upon which to make those decisions as to the modernization of Lance, or not?

Mr. Cheney. That is correct, Senator. And I think it is very important we not fall into the trap here as having to respond to the offer of the week. My own view is that we have not yet developed a coherent alliance strategy for dealing with the Soviet Union that addresses not only military concerns but also economic and political concerns.

And until such time as we have had the opportunity, for example, within the administration to complete our strategic review, to look at the relationship between our assets and our overall national objectives, to consult with our allies in terms of what their requirements are and what their contributions are likely to be, and to develop a comprehensive, fairly coherent approach to the Soviet Union, it would be a mistake for us to be caught up in the euphoria that we need to instantly respond every time Mr. Gorbachev makes a new offer.

Senator Wallop. Thank you. Thank you, Mr. Chairman.

Chairman Nunn. Thank you, Senator Wallop.

I believe next is Senator Kennedy.

Senator Kennedy. Thank you very much, Mr. Chairman.

I, too, want to join in welcoming the nominee. I have had the good opportunity to work with Lynne Cheney, who has been on the bicentennial Commission and also the head of the NEH, and I value very much that experience as well.

We have covered a number of different items, Congressman, and because we do not develop some of them I am sure you appreciate that it does not mean that we are not equally concerned, whether it is the burdensharing issue which Senator Levin addressed or the appropriate use of the Armed Forces as we fashion and shape policy regarding the interdiction of illegal drugs into this country. At some other time down the road I would welcome the chance to talk with you about those items.

I would hope in your consideration of areas where there is going to be some belt-tightening in the Defense Department, that you would look at the early retirement of the aircraft carriers. We have gone from 12 aircraft carriers in 1981 to 14 at the present time. We also have added four surface action groups led by recommissioned battleships. The current proposal by the Navy is to increase the number of carriers to 15.

We have the Enterprise now that will go in for rehabilitation for 42 months at a cost of $2 billion for a 30-year-old aircraft carrier. With an adjustment of the retirement schedule for the aircraft carriers, even moving up to 15 aircraft carriers by the 1990s, you get savings estimates as low as what the Navy says is $1 billion and as high as $7 billion by CBO.

I will welcome the chance to just pass on that information we have had here. It has been an item we have debated in the committee, the last time closely divided. But I would hope that would be an area that you might give some attention to. I will not ask you to comment on it today because it is a matter that takes a good deal of study, but I did want to bring that to your attention.

The second extremely important area is the proliferation of ballistic missiles, intermediate ballistic missiles, in which both the Chinese and the Soviet Union are very much involved. I think that that goes to the whole question of regional security. There are some very important destabilizing aspects of those items now, and we have been unable to get either the Soviet Union or the Chinese to move, and we have had some countries, our allies, who have been involved in this as well.

I think in terms of security issues in that part of the world, certainly in the Middle East and other areas, this is going to be something that, down the road, I would like to talk with you about.

A third area which I have been interested in and I know a lot of members of the committee have interest in is the whole question of security of our Armed Forces, particularly in Panama. The Army Times today has the headline: "Terror in Panama." It describes incidents in which U.S. servicemen in Panama have been abducted, beaten, kicked, had handguns held against their heads.

There has been a continuing escalation of the threat to American servicemen in Panama, and this is something that we ought to have a really clear understanding as to how great a threat there is to our servicemen and women who are down there and what steps, if any, we are prepared to take.

I, Mr. Chairman, appreciate the earlier responses that the nominee has given. I do not know if you want to talk about any of these items I have just raised, but I will appreciate the chance to get into it in greater detail down the road. I congratulate you on your appointment and also, quite frankly, on the kind of responses which you have given this committee in relation to the questions. We have gotten some yeses and some noes, and that is not something that we always get to receive around this committee. I appreciate your giving us a good indication of what your real views are. I think it has been very helpful.

[The prepared statement of Senator Kennedy follows:]

PREPARED STATEMENT OF SENATOR EDWARD M. KENNEDY

I join today in welcoming Congressman Cheney to the Committee—and I also joined last Friday in the collective sigh of relief that greeted his nomination.

All of us who have worked with Congressman Cheney since his days at the Office of Economic Opportunity, as President Ford's Chief of Staff, and most recently in the House of Representatives, know him as a man of ability, integrity, commitment and accomplishment. I think it is fair to say of this nomination that the House Republican Leadership's loss is the Pentagon's gain.

We look forward to working with Congressman Cheney in meeting the critical budget and other challenges facing our national defense. Next year's budget, now on the drawing boards, is critical. We must take a defense program that was designed for a much higher budget path and re-structure it within available resources, without threatening vital interests. The new defense program must meet our security commitments internationally without breaking the bank domestically.

This challenge has been characterized as one of traffic management—merging six lanes of defense programs into four lanes of funding for the foreseeable future. In negotiating this merge, we need to have certain fundamental principles in mind.

First, we must keep military pay and benefits at a level sufficient to retain our best personnel. Cuts in the personnel and operating accounts are always tempting because they produce the fast money needed to generate immediate deficit reduction. But in the long run, this practice eats away at the quality and effectiveness of our forces.

Second, some force structure increases will have to be deferred in order to ensure that our existing forces are fully capable and ready. This means retiring old carriers as new ones are commissioned. It also means shifting more of our active forces into the reserves. This will save money, but it need not reduce capability.

For example, the Air Force reserve unit in Westfield, Massachusetts, made up mostly of commercial and private pilots, ranked ahead of all active units in their last Air Force-wide competition in 1986. Cases such as this make it clear that the reserve can maintain the same high quality as our front-line units.

Third, we must give higher priority to this leaner conventional force. The previous Administration embarked on a massive nuclear build-up that was excessive from the start. We need a strong nuclear deterrent, but we cannot continue this broad range of strategic programs at the cost of the conventional systems where we have our greatest deficiencies.

Developing a defense posture based on these principles will help us maintain our advantages in high quality personnel and state-of-the-art technology during this period of tight budgets. It also will provide a reliable foundation on which to build when defense budgets rise again.

Effective leadership in both branches of government and a strong partnership between them is essential to maintaining a strong defense. I commend Congressman Cheney on his nomination. I look forward to working with him, and I expect his rapid and overwhelming confirmation. America's defense policy is back on track.

Chairman NUNN. Thank you, Senator Kennedy.

Mr. CHENEY. Thank you very much, Senator. I had the opportunity this weekend to contact most of the members of the committee by telephone. We did not have the opportunity, because of the short time, to make the normal courtesy calls.

But I have already pledged to many members, Senator Levin and others, that as soon as we get through the hectic moments at hand that I will be happy to come back for lengthy visits to discuss individually with each member of the committee your wishes and desires and thoughts and advice you might have for me in my new role.

Chairman NUNN. The only thing more unusual than yes and no answers from a witness is a Senator yielding back time. Senator Kennedy had 1 minute left. [Laughter.]

We now go to Senator Lott.

Senator LOTT. Just one question, Mr. Chairman, since I was able to make some opening comments.

Dick, generally speaking, Democrats, Republicans, people in Congress, outside of Congress have been extremely laudatory about your selection. I mean, you obviously have a lot of ability, intelligence, and great experience.

But the one area where they have said, yes, I know he has been on the Intelligence Committee, he has been involved in foreign policy. He was chief of staff. He met with the NSC. He has been in various forums and institutes. But what is his experience in defense and weapons systems themselves?

I think that the background you have answers that question satisfactorily for me, and I think also the important thing is to have a man with, I think as Bob Michel said, with leadership and toughness to make the tough decisions and make them stick, and you can get the experts to come in and give you the information you need and then you can make a decision.

But I would like for you to respond to that because that is the only question I have had raised by anybody about your nomination.

Mr. CHENEY. Thank you, Senator.

I do not suppose anybody arrives at this position with absolutely perfect credentials. The Department is so big, the issues are so complex, the challenge so great that to do an effective job of running the Department obviously will require a team approach, and if I am confirmed I am not a one-man band; I am the quarterback, if you will, and I have got to go find tackles and halfbacks and linebackers to help me do the job.

In terms of my own experience and background with respect to the details of defense programs, you mentioned my service on the Intelligence Committee as the ranking Republican at present on the Budget and Program Authorization Subcommittee. That is the group of members who specifically review every single one of our intelligence programs on an annual basis at great length.

It is everything from our covert action programs to the budget for the National Security Agency, the entire program of the Defense Intelligence Agency, the CIA, and in the House a set of responsibilities that in the Senate is the jurisdiction of this committee, specifically the tactical intelligence programs—all of the intelligence programs of our military services.

The experience I think has been a good one. I have a good deal of knowledge in those specific programs. I have followed the strategic questions on a regular basis, spent a lot of time on the submarine programs, ASW, nonacoustic ASW. Those are all areas of interest partly because of the strategic significance, obviously, of our SLBM force.

By virtue of the fact that the Peacekeeper missile, the MX, is based in my home district of Wyoming, that is a subject also obviously that I have followed.

If I were to look at my resume and background and identify areas where I need to do a lot of work quickly, it is specifically, I suppose, in terms of conventional forces, dealing with those kinds of issues of manpower and conventional force modernization that are extremely important that I have not spent a lot of time on in the past. So that is an area I plan to emphasize up front.

I need to do more work on SDI. I have been a supporter of it in the House, obviously, but there have been some new developments there, and one of the early briefings I have scheduled for myself is a complete update on where we are with respect to the Strategic Defense Initiative.

Another area where I will have to focus early on to acquire the necessary background and information is in the acquisition area. The first look at the briefing books with respect to acquisition and procurement is daunting. There is a whole new set of language over there, a whole new set of players and organizations and procedures. That is an area that requires a lot of work.

An area that I am concerned about but cannot claim any special expertise in and that I also want to pursue has to do with maintaining our defense industrial base. I think it is very important that in the rush to reform our procurement systems we not do damage to that industry basically that supports our military capability.

We have to have firms in the defense industry that are profitable and healthy and able to invest in new technology to meet our future military requirements. And if we adopt a procurement system that makes their operations unprofitable, there are not going to be any contractors for us to contract with in the future.

So that is just a partial list of where I see my strengths and weaknesses.

Senator LOTT. Thank you, Mr. Chairman.

Senator EXON [presiding]. Thank you, Senator Lott.

Senator Bingaman was next. He stepped out, so we will go on to Senator Dixon.

Senator DIXON. Thank you, Mr. Chairman.

Congressman Cheney, I was particularly pleased by your numerous remarks in answer to prior questions and in your own statement about the procurement and acquisition problems that we have in the Department of Defense. I had the privilege of offering the amendment to create the Under Secretary of Defense for Acquisition on the DOD reorganization bill, and some of us here in this committee have followed that very closely.

You are aware of the unfortunate experience with Mr. Godwin early on. We think there have been improvements there, but I would hope that you could indicate to us that you are committed to strengthening the Under Secretary of Defense for Acquisition and strengthening direct line authority of that department and otherwise improving the acquisition and procurement policy in the Department of Defense.

Mr. CHENEY. Yes, Senator. I am aware that the question of the power and authority of the Under Secretary for Acquisition was an important one with respect to the deliberations on the Goldwater-Nichols bill. I believe firmly in the proposition that we have got to do a lot more than we have in the past.

It would be my intention to seek the most qualified individual I can, in connection with the Warner-Nunn letter that we have seen earlier, in terms of laying out requirements with respect to the kinds of people that ought to be retained. I think that is one of the three or four most important jobs in the Department, and it would be my intention to find the most qualified individual possible and give him the authority to do the job that has to be done.

Senator DIXON. I want you to know that I am very pleased to hear that.

The second question I have is Senator Wilson, Senator McCain and myself and some others here have some genuine concerns about the Base Closing Commission report. I understand that you were not involved in that process. But much of the documentation that we have received is classified. When you read it, there is nothing in it secret, nothing anybody in this room could not read, nothing that could not be printed on the front page of any newspaper in America or Soviet Union, for that matter—nothing at all in there that is secret.

They used a point system to determine how you close, for instance, a base on a list of bases, but we cannot find out who developed the point system, how they used the point system, how they put it in the computer or anything of that sort. And we have, I think, good information that it is seriously flawed.

Frankly, Congressman Cheney, I would hope that we can deal expeditiously with your nomination. I recognize we are going away for a while on an Easter break. If it is at all possible, I think the chairman and the ranking member and others hope to deal with this before we leave. I hope we can, frankly.

If you get on board, I would greatly appreciate—and I think my colleagues Senators Wilson and McCain would join me in saying that they would appreciate as well—your careful evaluation of this, to give us all the material that Members of the Congress ought to have to know the truth so we can deal with it in our home States or home districts.

Your friend Ed Madigan, a very fine Republican Member from the House, is desperately concerned about Chanute. Your friend John Porter is very concerned about Ft. Sheridan and others. We just want to know the truth. We would like to be able to examine it.

Can we have your pledge that you will give us everything you can honorably give us as Members of the Congress?

Mr. CHENEY. Certainly, Senator.

Senator DIXON. I thank you for that.

Have I used my time, Mr. Chairman?

Chairman NUNN. I do not know, I haven't gotten any notice. We will let you know when you give out.

Senator DIXON. I want to further say to you, Congressman Cheney, how pleased I was by your voluntary remarks to the distinguished Senator from Mississippi about your concerns about the defense industrial base. I hope you know that in last year's DOD authorization, sections of my bill, S. 1892, dealing with the U.S. defense industrial base, were incorporated.

It is a matter close to my heart. I think a matter of high priority. I would be delighted to send to you my thoughts on that past legislation I have introduced and ask you to give us your thoughts on it as well. I do not want some kind of domestic content bill; I do not want something that is highly protectionist, but I think there ought to be discussion in your shop for making some determination about critical items, surge capacity and things like that, that are important to our defense capabilities.

And I thank you for expressing your interest in that.

Mr. CHENEY. Thank you, Senator.

Senator DIXON. And I would finally say, I am chairman of the Subcommittee on Readiness, Sustainability and Support. Your comments about the conventional concerns are greatly appreciated. I know that Senator Levin, myself and others, argue often in here that we are not being careful enough about some of those concerns.

I note from your past background, your interest in the strategic side, and I recognize you have had more time to develop your interest there and give that your special talents. And I ask you to indulge us at looking at the conventional matters as well.

Mr. CHENEY. Well, Senator, perhaps as soon as we have completed this process I can come over and visit with you and the other members of the subcommittee and educate myself about those items that you think ought to be addressed on a priority basis.

Senator DIXON. I thank the Chair and I thank the President for sending your nomination to us.

Chairman NUNN. Thank you, Senator Dixon. I believe Senator McCain is next.

Senator DIXON. May I place a statement in the record, Mr. Chairman?

Chairman NUNN. Without objection.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, I am pleased to be here today to hear from Representative Richard Cheney, who has been nominated to be Secretary of Defense.

Mr. Chairman, just recently I sent a letter to Deputy Secretary of Defense Taft expressing my views on the zero-growth proposal by President Bush. I fully agree that the President is on the right track here, and that all Federal departments, including Defense, must make real sacrifices for the overall good of our economy.

However, as I said to Secretary Taft and now say to you, Representative Cheney, I am deeply concerned at how the Defense Department will arrive at a level real growth defense budget for fiscal year 1990. Over the last few years, as Chairman of the Subcommittee on Readiness, I have seen the previous administration cut funding for certain programs, debilitating our conventional forces readiness. I feel that there should be a stronger administration commitment to conventional forces.

The Army and the Marine Corps have taken the brunt of the cuts in budget requests from previous administrations. Congress, on the other hand, has repeatedly tried to ensure that the Nation's conventional forces remain strong.

Representative Cheney, I strongly urge you to make the necessary military budget reductions in a discreet and measured manner, rather than through a "meat-ax" approach which uniformly distributes the cost regardless of program merit. This inordinately impacts and endangers our conventional and readiness programs.

Representative Cheney, my only concern with your background has been your support for strategic military programs, and I look forward to your responses to questions on the strategic spending cuts versus conventional and readiness reductions.

Thank you, Mr. Chairman.

Senator MCCAIN. Welcome, Congressman Cheney. I know that perhaps the grossest understatement that I read in a long time was that of your doctor, who said that you engage in a rather vigorous lifestyle, including high-altitude downhill skiing and backpacking.

Having personally accompanied you on a trail ride into Wyoming where you almost killed me, I am here to testify that you have an extremely vigorous lifestyle. [Laughter.]

Perhaps some of the young men and women in the military will emulate the physical condition in which you maintain yourself.

I also share the views of my colleagues in congratulating you on your selection and congratulating the President on choosing a man of your talents and proven managerial skills and dedicated service to this country.

I look forward, along with my colleagues, to seeing your nomination handled as expeditiously as possible.

I would like to follow-up on the comments of my friend from Illinois regarding the base-closing issue. It may sound parochial, it may sound as if we are worried about the pork in our own States, and that we are now playing the role of a dog in a manger, but the fact is that we owe our constituents an explanation. I believe the Department of Defense and the Base Closing Commission, owe our constituents an adequate explanation of the process that they went through in arriving at their decisions.

If the information they used as the basis for their decision is valid, the statistics and the tradeoffs and all the factors that went into it are valid, then none of us should complain.

However, the problem that exists now is that many Members of this body, Senators Wilson, Dixon, and myself, are greatly concerned because we have not been able to get the basic information that we need. More importantly, our constituents, who are being affected by these decisions, need this information.

I hope you will give us a hand in this area.

I would also like to mention a couple of areas that I am concerned about and ask for your views. The first one is, as was alluded to earlier, we are in a rapidly changing situation, geo-strategically, in this world; our changing relationships with the Soviet Union, with China, and many other relationships throughout the world. Old challenges do not seem to be as compelling as in the past; new challenges are emerging all over the world, whether they be in Central America, the Persian Gulf, Libya, or many other areas of the world.

What concerns me in this present situation of constantly changing challenges is that we have not been able to initiate an adequate review of the roles and missions that this Nation and its defense establishment are required to carry out in order to defend our national security interests. In my view we do not have a clear definition of exactly what these roles and missions are.

In light of a reduced defense budget and the prospects of reductions in spending—at least in real terms, and probably in every other parameter—there is a compelling requirement for you as Secretary of Defense to initiate studies which would give us a clear definition of these missions and roles.

I do not believe that you can make this assessment without a clear net assessment of the threat as posed by both our adversaries and potential adversaries.

Perhaps in the days forgone of constantly increasing defense budgets, and at a time when we could buy much more equipment than we can today, it was possible to go forward without that. I do not think it is possible today.

I hope you would make this assessment one of your highest priorities. When I see numbers that reflect that approximately 40 percent of the American people think we are spending enough money on defense, 30 percent think we ought to spend less, and approximately 11 percent think we ought to spend more, I think it is clear that defense spending as we now know it is at risk. I am not sure how much further we can reduce the defense budget without placing ourselves in some jeopardy.

I am also concerned that, as we implement these cuts, what effects will they have in the quality of the men and women that we are not only recruiting but are retaining. What effects are these cuts having on the equipment that we provide to these fine people, and I am speaking about items such as beans and bullets. What effects will this have on their ability to do their job?

The greatest nightmare that I have is a return to the days of the late 1970s, where we continued to purchase equipment, but at the same time neglected the men and women in our Armed Forces. This dramatically impaired our ability to carry out our duties. I am sure you remember when the Chief of Staff of the Army came to testify before this committee to bluntly state that we had a hollow Army.

And I am very concerned about a return to that situation if we do not understand that the non-sexy items of expenditure are very important in maintaining readiness.

I would like to hear your response to these queries. And I think it is important that the committee receive your views as we go through this process.

Mr. **Cheney**. That is a full platter, Senator.

Let me respond to your comments on base closing by indicating as I did to Senator Levin, that I will be happy to review that process should I be confirmed.

I do not think your concerns are parochial. I think, in light of the very difficult decisions we clearly are going to have to make, given the realities of the budgeting process, it is very important that we take time to understand what criteria it is we want to use, in terms of deciding what is valuable and absolutely has to be retained and what we can do without.

Those are crucial decisions. And how we go about them and the ability to develop a consensus about the process by which we arrive at those decisions is, I think, an important part of my responsibility.

With respect to roles and missions, I couldn't agree more. I think you have touched on a key item that I would hope will be addressed by the Department and the administration as a result of the on-going review as we look at strategy and our national objectives and our capacity to carry out that strategy.

I certainly plan to spend time asking questions about those areas. It is an area that I need to know a lot more about. The capacity to compare capabilities across services and look at how we might meet various requirements is something I would like to spend a lot of time on.

Finally, with respect to your concern over a hollow Army or hollow forces. I remember those days. I first arrived in the Congress in 1979 as a freshman. And we found ourselves faced with a situation in which there were real doubts about the capacity of our military forces to perform when called upon because of the fact that we had let readiness, especially, erode over a period of time.

Thanks to the work of this committee and to the Members of Congress and past administrations, I think we have significantly improved on that situation over the last decade. From everything I can tell, based on my own visits with our forces as part of the Intelligence Committee, based upon preliminary briefings I have had at the Pentagon, the status of our Armed Forces today in terms of readiness and sustainability is as good as it has ever been in recent times.

I think it is also true, though, that the budget picture that we are faced with raises the specter that we might make the wrong decision, that we might end up taking actions which are based upon an unwillingness, if you will, to step up to some of the tough choices we have.

I would see it as my obligation, were I confirmed, to advise not only the President, but also the Congress, exactly what the consequences are of the budget decisions that we are about to make.

I think I have an obligation not to gloss over the reality of the tough choices that we are faced with, an obligation to say, look, if we get *x* amount of money, these are the commitments we are going to be able to support, and these are the forces we are going to be able to sustain, and to argue as strenuously as I know how that we not fall back into the trap that we did a decade ago, when we let budget considerations basically drive us into a situation where we had significantly less capable forces than we have today.

Senator McCAIN. Thank you. My time has expired.

Chairman NUNN. Thank you, Senator McCain.

Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

Representative Cheney, welcome to you. I am delighted at the recommendation from the President. As I told you when we talked on the phone over the weekend, I was looking forward to this confirmation that I hope will go quickly, and I believe it will.

I would like to have my statement for the record accepted and printed in the record at this time, Mr. Chairman.

Chairman NUNN. Without objection, it will be part of the record.

[The prepared statement of Senator Exon follows:]

PREPARED STATEMENT OF SENATOR J. JAMES EXON

Congressman Cheney, I would like to welcome you before the Committee. While we have not had many dealings here in the Congress, your fine reputation is well known to this Senator. Congratulations upon your selection by the President. Certainly, the fact that you were born in Lincoln, Nebraska will not hurt your credentials in my eyes.

I am pleased to see that the President has acted so swiftly in placing another nominee for Secretary of Defense before the Senate. The Armed Services Committee must act quickly on this nomination and we must soon have in place a functioning Secretary for the Defense Department. I congratulate the Chairman and Ranking Minority Member of the Committee for moving ahead on an aggressive confirmation process. It is my intention to play an active part in this and I will be reviewing the FBI file and any other pertinent information.

Congressman Cheney, if confirmed, you will be taking on an enormous task. There are several major challenges directly confronting you. One has to do with the changes occurring in the Soviet Union. I am hopeful that we will see a lessening in tension between the superpowers and I think that we should pursue opportunities. However, I am quite concerned that Secretary Gorbachev has stolen the initiative and that this can prove destructive to the NATO alliance. His unilateral force reductions are still proposals at this time and, if he survives and they are enacted, they could be only a transformation of surplus military capability into a more immediately useful political form. We need to deal with the Soviet Union, but we must also keep our guard up.

Second, we are facing serious economic constraints that will require some fresh thought in the Defense Department. It is time to review our defense strategy, force structure and deployment, and the defense division of labor. Americans are still going to have to make considerable sacrifice for national defense, but they will not do so if they are not convinced that there is honest, smart leadership at the top. Obtaining and keeping that support should be your number one goal.

Lastly, from my perspective as the Chairman of the Subcommittee on Strategic Forces and Nuclear Deterrence, I see numerous challenges in this area. I intend to get into these during my questions.

Again, welcome and I wish you well.

Senator EXON. Mr. Chairman, I listened with great interest to your two Senate colleagues from Wyoming and the very nice things they had to say about you. One or the other described you as a native of Wyoming. My research indicates that you were born in Lincoln, NE and spent about 10 years of your life there, or were you born elsewhere?

Mr. CHENEY. No, Senator. I was born in Lincoln and proudly claim that as the home of my birth. Senator Simpson once in a while gets his facts a little wrong, but we forgive him.

Senator EXON. Would you state for the record that everything else he said was accurate?

Mr. CHENEY. Everything else he said was the absolute truth, Senator.

Chairman NUNN. Today. [Laughter.]

Senator EXON. I want to return to the industrial base issue, which is something that I believe will be one of the greatest challenges that you have. Certainly, Frank Carlucci, your predecessor, recognized that was one of the real challenges. And I know you have an awful lot to do and I do not want to overburden you with this, but I would simply say that I hope that you will take a very close look at that and work with us here, those of us who have been concerned about this.

One measure that might be helpful in this area is the so-called Exon-Florio amendment that I think you are familiar with. It was passed last year as a part of the trade bill.

Now that amendment basically was designed to give the executives the tools that they need to stop any attempted takeover of any corporation or company by a foreign company. I suspect that you as Secretary of Defense will be involved in this.

Certainly, don't you agree that the wholesale takeover of many industries in the United States today is one thing, but the taking over by any foreign interest of key parts of our defense industrial base and their technology is something that we should step into and stop when it is deemed necessary by the President?

Mr. CHENEY. Senator, I certainly would agree. Any time we have the possibility of foreign ownership of a firm that has a major national security implication for the United States, then I would see it as my obligation to bring that to the attention of the President and to advise him accordingly.

Obviously, he would ultimately have the responsibility under your amendment. But, clearly, I share your concern that that is an area that we have to be careful about. And that defense firms, firms that have applications for national security, have to be treated differently than would foreign acquisitions of other assets.

Senator EXON. Your past history and your service on the Intelligence Committee over in the House has given you keen insight into many of our key defense matters.

I would like to pursue a little bit further, if I could, ICBM modernization. One of the earliest decisions that I suspect you will have to make as Secretary of Defense is what to recommend to the President on the rail-mobile MX versus the Small ICBM.

What are your opinions on that?

Mr. CHENEY. Senator, I am on record in the past as being a very strong supporter of both rail garrison and the Small ICBM. I think there is considerable merit to our trying to develop both those systems.

Obviously, we are in a situation where, for budgetary reasons, we may have to make some very hard choices in this area. I would like to think I approach it without any preconceived notion about which way we ought to go until we have had the opportunity to complete the review that is now underway in the Department with respect to our strategic requirements, and also specifically on this issue of rail garrison versus the Small ICBM.

The chairman of the committee, Senator Nunn, and I have in the past been part of a working group that has looked at this whole issue of what needs to be done with respect to ICBM modernization between now and the end of the century. It raises a set of very difficult and very complex questions.

And what I would like to be able to do, once I have had the opportunity to study the matter further, and discuss it with the President, obviously, is come back before the committee and discuss it at that time.

I would hope that we will be able to arrive at a solution that is broadly supported in the Congress, and that we would undertake that decision only after there has been extensive consultation with the members of this committee.

Senator EXON. I think that is a fair answer and that is all we can ask. I think it is a very important decision that you will be making very soon.

In this regard, I think it is important that those of us who deal with these things from time to time, better inform the American public when and if we can. Therefore, the next question deals with some rather sensitive national security matters. But there have been some broad policy statements made publicly on this by several officials.

Given your background and your expertise and your knowledge, how satisfied are you with the strategic warning capability of the United States? Specifically, are we capable of detecting a shift in the alert of Soviet strategic forces? How much should we worry about an attack from the Soviet Union that, over the years has been best described as a "bolt-out-of-the-blue"?

Mr. CHENEY. Senator, obviously, some of our capabilities in this area fall into the classified area that we ought to pursue under a less public setting.

As a general proposition, I believe that we do in fact have adequate early warning capabilities with respect to the possibility of an attack upon the United States, a strategic attack involving the strategic assets of the Soviet Union.

It is something we have to watch on a continuous basis and something in which we have invested a great deal of money. The Intelligence Committee, over the years, on behalf of the Nation, and that of Congress, has always very heavily supported this.

But I personally think the odds of a "bolt-out-of-the-blue" attack are extremely remote; that as long as we maintain the viability of our triad, as long as we move forward with improvements and modernization of our ICBM force, as long as we seek, for example, to add the element of mobility to our land-based ICBM force, I am confident we can maintain the capability so that the notion of a "bolt-out-of-the-blue" attack by an adversary would be something we do not have to be concerned about.

Senator EXON. Thank you. I am glad to hear you say that. And I hope there is a better general understanding of that than I think there is in some quarters at the present time.

Thank you.

Chairman NUNN. Thank you, Senator Exon.

Senator Thurmond.

Senator THURMOND. Thank you very much, Mr. Chairman.

Mr. Cheney, I have laryngitis. I will try to talk loud enough for you to hear me.

I want to congratulate you upon your appointment by the President. I also want to congratulate you upon the fine family you have. I have had the pleasure of serving with Lynne on the Bicentennial Commission on the Constitution, and it has been a pleasure to do so.

I want to congratulate the President, too, for choosing you. I say that for three reasons. The first is your personal qualities. You have a reputation for being honest, tough, able, and hardworking. And these qualities, combined with your dedication to your country and your articulate talent to influence people, are extremely important in this position you are undertaking, which I think is the second most important position in this country next to the President.

I want to congratulate you and the President, too, for choosing you on your experience. You have served in the executive branch, you have been in the White House as chief of staff. You know how things operate there. You have been in the House of Representatives for 10 years. You know how the leadership and others work over here on both sides of the aisle.

So your experience in both branches, I think is of exceptional value.

And the third reason I want to congratulate the President is for choosing a man who is dedicated to freedom. Freedom of our country, of course, first, but freedom to the rest of the world. I feel that it is our duty to encourage freedom in every way we can and to support freedom to maintain it throughout the world.

And for those reasons it is a great pleasure for me to support you for this position.

Mr. CHENEY. Thank you, Senator.

Senator THURMOND. I just have three short questions here I will ask you.

In the past, military impact of various arms control proposals on our national security strategy and our force structure was determined after the fact rather than before the fact. Do you feel that possible impacts of arms control, whether conventional, chemical, or nuclear arms control, should be thoroughly assessed by the Department of Defense before such proposals make their way into arms control policy?

Mr. CHENEY. I certainly do, Senator. I think that for us to proceed into the arena of arms control, especially when we look at the complexity of such issues as agreements on conventional force reduction or START accords, it is absolutely vital that the Defense Department and our military services be consulted thoroughly before proposals are put on the table.

And it would certainly be my intention, should I be confirmed by the committee and the Senate, to do everything in my power to see to it that that kind of advice is forthcoming to the President before he makes decisions with respect to our negotiating posture.

Senator THURMOND. I will just ask two more questions at this time.

Congressman Cheney, another area of concern to this committee is the long-term quality of the force structure. The ability of the services to recruit has declined as unemployment and the available manpower pool have declined.

Given our experiences in the late 1970s with the quality of the force, do you foresee any tradeoffs in force size to maintain quality?

Mr. CHENEY. Senator, that is an issue we may well face even, perhaps, as soon as the fiscal year 1990 budget. I know there is a debate under way within the Department now as to how we respond to the requirement to cut another $6 billion out of the fiscal year 1990 budget.

And certainly, if we are not faced with it this year, we will be as we put together the 1991 budget, with the proposition that we will have to make a choice between the quality of our forces, their readiness and sustainability, and our capacity to maintain levels of pay and benefits to attract top quality people versus force structure itself.

And from my standpoint, given a preference, as I referred to earlier in my conversation with Senator McCain, I think it is very important that we maintain the quality of those forces; that that is what we failed to do in the late 1970s, and that we should avoid making that kind of mistake again.

Senator THURMOND. Another area of concern has been the decline in quality of military medical care, which impacts not only on quality of life, but readiness also. The issues are compensation and inadequate support staff.

Would you share with us your views on this? Sometime back I went out, for instance, to I believe it was to Bethesda or Walter Reed, and after I talked with the doctor for a few minutes, he spent 20 or 30 minutes himself writing out notes. It happened that he was a neurosurgeon, I believe.

I was talking to him about some important matters that concern our soldiers. And I am convinced that that is a waste of manpower.

There certainly should have been a secretary to take care of him and other people of his high quality, and not waste one-half hour writing notes. He could have dictated them in 5 minutes.

Then, too, I have had a lot of complaints by doctors who plan to leave the services. It seems to me that we have got to take steps to keep those doctors.

Now you are talking about hiring civilian doctors. You can do it. But one doctor in the service was making only about a third of what that same doctor is making now, serving the soldiers still, getting three times as much as that doctor made in the military service.

So if you would please look into this medical situation, I think it would be of great benefit to our country, not only the active duty personnel, too, but the retired people. These retired people have looked forward to this medical treatment for years and years. And now, for them to be deprived of that, I think, is abhorrent.

And I sincerely hope you look into all facets of military medicine.

Mr. CHENEY. Senator, I have no special knowledge in that area, but I certainly will apply myself as soon as I am confirmed, should I be confirmed, to learn as much as possible about it. And I would be happy, given the opportunity in the near future, to come talk to you, specifically about your concerns.

Senator EXON [presiding]. Thank you, Senator Thurmond.

Senator Glenn.

Senator GLENN. Thank you very much, Mr. Chairman. I welcome you to the hearing today, and I especially welcome your family, Lynne, Mary and Elizabeth. They are obviously proud of you; and I would only say to them, with what he is up against, time with dad is going to get more precious than ever.

You have got a big job ahead of you. People have brought out many details and concerns here today. You have one job as Secretary of Defense, pursuant to whatever foreign policy is established for the country. You have one job and it involves many things that people have brought up here, but the bottom line is, combat capability. It is not the Pentagon, it is not the JCS, it is not Goldwater-Nichols. The bottom line is, if we have to field forces, will they be good enough to do the job?

And everything you do over there has to reflect that bottomline concern. I think too often we forget that. All of our policies here in Washington do not mean much unless that fellow with the rifle gets out there in the field some place, and can do the job with the support necessary to do it.

Now we are organized to accomplish those things, supposedly, by the policy that has been in effect since 1973, the so-called total force policy. I have some comments on it that I wanted to pass on. Have you had a chance to review that yet or look at our total force policy?

Mr. CHENEY. I have not, Senator.

Senator GLENN. Okay. Well, it is an issue that I would encourage you to get into at your earliest convenience, becuase it is the rationale for everything else that gives us our combat capability.

We, in establishing those things in 1973, before I came to the Senate, assigned certain jobs between the Regulars, the Reserves and the National Guard forces. And we have not really reexamined that since then. Just let me give you a couple of figures.

Senator Thurmond mentioned the medical situation. We gave 80 percent of the combat medical jobs over to the Reserves. Today, even several years after we started bringing attention to this matter, of that 80 percent, the doctors in the Reserves that are supposed to supply the wartime medical support, we are 71 percent short of doctors. That translates to some 7,000 doctors short if we went to combat tomorrow.

We are short 66 percent of the nurses. That is 31,000 nurses short. If you were going to combat or I am going into combat, I want to know there is somebody there to patch me up if I get hurt. And yet, we do not have that. We are short in those numbers of people. That is 31,000 nurses short in that 66 percent.

Also, we gave over to the Reserves 70 percent of the combat support and combat service support functions if we go into combat. They are rated now and have been for the last couple of years at 45 percent not combat ready.

Now those are huge shortages. We hear people talking today about giving more jobs to the Reserves; it can be done cheaper. And perhaps it can, but you have to keep in mind that combat capability.

And so I would just encourage you, in the strongest words possible, get into that total force policy and concept as early as possible, because we are not in good shape in this area.

I think in some areas the Reserves have done an admirable job, a great job. And maybe there are some more roles we can give to the Guard and Reserve. But I think since 1973, that whole policy has never really been adequately reviewed or reassessed.

And yet the veterans from the Vietnam war that staff our Reserves, and are pilots that are combat ready, were in many respects better than the Regular forces. Yet, those people are phasing out. I think it is high time that we look at that whole total force concept and make sure that the bottom line is combat capability.

Right now, the system is not working well in that area. We have brought attention to this over the last 3 years or so. And it is something that I think we really do have to address. I do not know if you want to make any further comment, but I would welcome you looking into that at the very earliest.

Mr. CHENEY. I will certainly do that, Senator.

Senator GLENN. The things that Strom mentioned on the medical issue are being examined on the Manpower Subcommittee that I chair, and my ranking minority is John McCain. And we have some ideas now on some of the pilot retention problems we have been facing—we are short some 1,100 pilots in the Navy. The Air Force is predicted in about 3 years, to be about 2,500 pilots short. We have some legislation we are about to propose that I think will help address those problems.

So those are more statements than they are questions, but they are areas of great concern. And I hope that you can get into those issues very early on. So we look forward to getting a vote on you and getting you over there and in business as fast as possible.

Mr. CHENEY. Thank you.

Chairman NUNN [presiding]. Thank you, Senator Glenn.

I believe Mr. Gorton is next.

Senator GORTON. Thank you, Mr. Chairman.

Welcome, Dick.

I can certify that while we were not able to get together even by telephone over the course of the last 3 days, it was not for want of your trying to make that contact. And I thank you for it.

I want to ask you about a couple of issues or policy-oriented subjects. If my memory of the debate during the course of 1988 on drug interdiction is correct, you were a leader in the House of Representatives for a higher profile and a greater involvement of some elements of our Armed Forces, at least in the offshore interdiction of drugs before they reach the shores of the United States.

You now are about to go to a department which, to put it I think charitably, was underwhelmed in its enthusiasm for adding to its duties in that respect.

As Secretary of Defense, are you going to be an ambassador or a representative of the views you expressed last year and have expressed, I think, since then, and seem to be those of a majority of the Congress, to the Defense Department, which you will be running? Or are you going to be an ambassador or an apologist for the traditional views of the Department of Defense on that subject to the Congress?

Mr. CHENEY. Well, Senator, if I am confirmed as Secretary, it is my intention to do everything I can to carry out the statutes that apply to the Department.

As I indicated previously, I share the view that a great many Americans do that the drug problems are a scourge on our society and that we need to do everything we can to rid ourselves of that problem; that it is, in and of itself, a threat to our national security.

But, obviously, there are limits to what the Defense Department can do, in terms of trying to deal with the problem. I did, in the last Congress, generally vote to support an aggressive role with respect to trying to interdict drugs. I do not believe I made a speech on the subject.

There were a number of leaders on the issue in the Congress, but, while I have been concerned about it, that has not been an area that I have spent a lot of time on.

I think it is important for the Secretary of Defense, given the mandate that I would hold were I confirmed, to carry out the duties and obligations of the Secretary of Defense.

You are not the drug czar, you are not the chief law enforcement officer of the land, you are there specifically to manage the Defense Department, to maintain combat capability, as Senator Glenn said, and to deal with all those other issues that that entails.

To the extent that the President calls upon me to cooperate with the effort that Mr. Bennett is about to undertake, in terms of trying to coordinate activities in the drug area, I will obviously do everything I can to assist within the confines and the constraints that are given me as Secretary of Defense.

Senator GORTON. I thank you for that answer.

On another subject, I think it also fair to state that together with your colleague and mine, Senator Wallop, you have been a long and articulate supporter of the Strategic Defense Initiative, of a potential defense against nuclear attack in the United States.

I think it may also be fair to state, though I will put this as my own characterization, that while our new President supports moving forward on SDI, that he probably is not as uncritical a supporter or an advocate, particularly of deployment as his predecessor in the presidency was.

I wonder if you can share with me your general views on that subject, where it should be placed in the order of priority at a time of straightened defense budgets, and what role you think it ought to play in the START negotiations with the Soviet Union.

Mr. CHENEY. Senator, I have, as you indicated, been a strong supporter of the Strategic Defense Initiative. I have consistently voted for it when it was on the floor of the House. As a member of the House Intelligence Committee, I have been involved, because we have jurisdiction over a portion of the program. So I think my record on SDI is very clear.

I do believe that it has made a major contribution in recent years to encouraging the Soviets in the arms control arena. I think they have great concerns about our technological capabilities.

I think SDI has significant merit, in part, because it plays to our great strength, our technological capabilities, our capacity to develop and deploy such a system.

At this point, of course, we are only part way through the process that President Reagan set out for us when we indicated we were going to work aggressively to research, and having researched and developed the concepts, that we would then, at some point, make a decision about deployment, about what kind of system we would deploy, when, and how it would relate to our other strategic systems.

We are now in the midst of two reviews that have major ramifications for SDI just as it does for all other systems. And one of those is the strategic review that is underway in the Department, and the other is the review with respect to the budget situation.

I would hope that I would not be an uncritical advocate of any system as Secretary of Defense. I think I would have an obligation to look at the pros and cons on every system before making recommendations to the President or to the Congress as to what is required.

Certainly, I believe that SDI is a very good, very sound concept. I think it would add significantly to deterrence. I think it offers the prospect of adding a defensive component to our deterrent capability and for those reasons alone ought to be pursued.

At what level of funding? At this point, that is an open question, just as is the question that Senator Kennedy raised about the 15th carrier group and about the questions Senator McCain and others have raised about force structure, readiness, procurement, and so forth.

The bottom line is we cannot buy everything we would like to buy unless we have a lot more money than we have today. And I think the handwriting is on the wall. The President has indicated that he wants a zero real growth in the defense budget in fiscal year 1990, 1 percent in the 2 succeeding years, and 2 percent in the 4th year.

I see that as a mandate to me, in effect, to produce budgets that meet those requirements, and while doing that, make it very clear to my former colleagues in the Congress and to my colleagues within the administration exactly what that entails for defense.

Ultimately, the President will make the decision. And we will be happy to bring it up for the Congress to decide exactly what level of effort is appropriate.

Senator **GORTON**. My time is up. I remind you, I would like at some future time to have the answer to the second half of the question as to how it relates, or if it does relate to the START negotiations.

But, at this point, I would like to thank you, I would like to thank Lynne for giving you to us.

And thank you, Mr. Chairman.

Chairman **NUNN**. Thank you, Senator Gorton.

Senator Gore.

Senator **GORE**. Thank you very much, Mr. Chairman.

Congressman Cheney, or Dick, let me add my congratulations to those you have already heard and my words of welcome to your family. And we are not going to take him completely away, I will say. He has already worked pretty hard as a Member of the House. And he won't be gone entirely.

But I want to tell you how much your colleagues and former colleagues, who had the privilege of serving with you in the House as I did before coming to the Senate, respect you and wish you well in this new endeavor to come.

I applaud the choice and congratulate the President for the choice. And pledge my best efforts to work with you as you undertake an extremely difficult challenge at a difficult time, quite frankly, with all of the changes in the world, and all of the budget pressures here at home.

Many of the questions I have thought about exploring with you have already been asked, but let me pursue just a couple in the short time that I have.

You were asked about strategic modernization earlier, and you acknowledged in your response that you believe consensus, or rather consultation with the Congress and an effort to work out a joint approach between the administration and the Congress is important and that consensus is itself a strategic asset.

I know from personal experience back when I was involved in a small bipartisan group in the House putting together an approach on ICBM modernization that General Scowcroft was involved with, that you were instrumental as a source of advice to us on tactics and counting votes and putting together concepts. And I want to say that for the record, I enjoyed working with you then.

And I agree with you that an approach that the Congress can be a part of is vitally important. Bearing that in mind, do you agree with me that it is critical, especially as we shape our approach to the START talks and seek to exploit what may be an historic opportunity in the relationship that we are building with the Soviet Union in this new era, that we go forward with a modernization of our land-based ICBM force? Do you agree with that?

Mr. **CHENEY**. I do, Senator. I think I have a bias in this area, not so much between the systems, but in favor of the notion that we must add the element of mobility to our land-based force. I think that is absolutely vital. I think we have, if you think back over the decade of the 1980s and where we were in 1979 and 1980, concerned about the vulnerability of our land-based force, we still have not really addressed that issue.

And the way we will do that ultimately will be with respect to the decision that we are about to make concerning modernization and the question of mobility.

So I think it is vital. I think it is essential. I think we ought to go forward even though we are obviously, simultaneously in the midst of negotiations with the Soviets.

They have such a capability, they have developed such a capability. I think it offers the prospect of increased stability, in terms of the force it adds to our deterrent. And for that reason, I will be a strong advocate of mobility.

Senator GORE. Well, I agree with you. And there are really four views. There is one view that says, let's don't modernize the ICBM force at all. There is another view that says, let's go forward full blast with another 50 or another 150 MX missiles and 500 small mobile missiles. And there is a view that says, let's try to find a consensus, middle ground, that will enable us to go forward with modernization in an affordable way.

And I want to work with you in trying to see that we adopt that view.

In connection with that, an earlier reference was made to the likelihood of a "bolt-out-of-the-blue". And I want to associate myself with the assessment made, but amend the statement by saying that the fear of a first strike has been a very powerful element in strategic thinking both in the United States and in the Soviet Union.

Even in circumstances where the military likelihood of a first strike is remote, the potential to launch has been deemed to have political and geopolitical significance and, therefore, has always provoked a strong reaction on the other side.

I have long felt very strongly that the key to a bipartisan consensus that will enable us to modernize and negotiate with the Soviets toward a regime that produces stability is to eliminate as much as possible the fear of a first strike on both sides.

I am comforted by the fact that you have a history and personal experience of dealing with these concepts, that you have been an intimate of General Scowcroft and have worked very closely with him in thinking through a lot of these ideas as well as with our chairman.

And I very much look forward to working with you.

Mr. Chairman, do I have any extra time? A little bit. All right.

You have already been asked about SDI, and I am not going to pursue that. I will ask some of these for the record, but let me just close with a question about long-term planning. You have written somewhat eloquently, if controversially, on the separation of powers, and your view that Congress has, at times, overreached in the area of foreign policy and defense.

Put the shoe on the other foot for just a minute. And you have done that before. You have been in the executive branch before and now you are a leader in Congress.

Congress has undisputed control over the purse and yet, in our effort to get out your information on programs that DOD has responsibility for, we have been frustrated at every turn, and the relationship has been adversarial. It took a law, an act of Congress to get the 5-year development program.

I just hope that as you enter the Pentagon with a sense of what the rule of each branch should be, you would also give some thought to how we can have a longer-term approach to financial planning of the defense budget with cooperation and help from the Department of Defense.

Mr. **Cheney**. I certainly will, Senator. I think that, as I indicated earlier in reference to a question from the chairman, the notion of trying to extend the period of time for which we budget and to try to do something reasonably long-range is absolutely crucial.

And I do think it is a two-way street. I think there is an obligation, if you will, on the part of the executive branch to share as much information as possible with the Congress. Sometimes they do not have the information requested, but to the extent they do, certainly they should share it so that Congress is aware of the consequences of various decisions that might be made.

By the same token, it is possible, I think, for Congress to make it easier for the executive branch to be able to do that if we have some degree of stability in terms of at least the top line with respect to what we are going to spend in the national security and the defense area.

With respect to the overall notion of executive legislative authority and whether or not Congress has overreached, obviously I have my views in that area. They are well known. We have debated them previously.

I have been encouraged this year, frankly, as the new administration has gotten started. At a couple of sessions that I participated in, one between the House congressional leadership, Republican and Democrat, together with Secretary Baker, and another at the White House with the President where a number of Senators were involved, where we talked about this possibility that we could reach some understandings at the outset of the administration on things like war powers, for example.

So that while we clearly are going to continue to have differences based on varying constitutional interpretations, the fact of the matter is we ought to be able to reach some understandings so that we do operate more often on the basis of consensus, and that we reach those kinds of understandings before the first crisis occurs instead of after the first crisis occurs.

I am hopeful that perhaps we can do better this time around than we have in the past.

Sentator **Gore**. Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Gore.

Congressman Cheney, several of us last year introduced a rather substantial revision of the War Powers Act, which would, if it was ever enacted, take away the automatic withdrawal feature which is the one that is most objectionable to most Presidents.

It would set up a bipartisan leadership group to meet on a regular basis with the President. There would not be advance notice required of particular deployments, but there would be a routine kind of consultation process.

The notices under the War Powers Act of hostilities or imminent hostility would still be required, but that would not set off an automatic trigger for withdrawal.

And if Congress wanted to require withdrawal, for instance, from the Persian Gulf, it would have to be done eventually through the power of the purse, which could be subject to veto. So it would be a very substantial revision of the present act.

Senator Mitchell, the majority leader, was one of the co-sponsors, along with Senator Byrd, Senator Warner and myself. I have talked to General Scowcroft about it briefly and to the President briefly, but I hope that when you get your feet on the ground over there, that you will have a chance to get your staff to take a look at that.

Because I think there is a mood here by a lot of people to take that act and revise and make it a workable act, instead of what I visualize now as one that simply does not work.

Mr. CHENEY. Well, I certainly would be happy to take a look at it, Senator. As you described your legislation, it sounds to me as though it would be a significant improvement, obviously, in terms of the current situation.

We are always going to be faced with the problem that Presidents have a tendency to view the notion that Congress can impose by statute a limitation upon their capacity to carry out their constitutional responsibilities as Commander in Chief as not acceptable.

And that is why, of course, President Nixon vetoed the original legislation and why every President since has deemed it unconstitutional. And we have never resolved that conflict. But certainly it is an area where I hope we can do some work in the months ahead. And perhaps the legislation you have suggested would be a good starting point at least for some conversations and discussions.

Chairman NUNN. We would take away that automatic withdrawal. I don't think anyone disputes constitutionally if Congress can cut off the funding for a program. But then again, it is subject to veto under the normal process.

Senator Coats.

Senator COATS. Thank you, Mr. Chairman.

Dick, congratulations. I really cannot think of a better selection and wish you all the best.

I am not going to try to get specific answers from you on things other than what you have already commented on. You are only newer on this subject than I am, and I know I am still trying to get up to speed in my position understanding the issues. And I certainly want to give you the time and opportunity to do that. But I do look forward to working with you on a number of questions. Let me just mention a few that are of interest to me.

One, I believe you were discussing just previously about the whole question of mobile missiles and so forth. And you made some statements that would certainly lean toward the mobility question. Now, do you want to take that any further, in terms of the mobile, land-based missile as opposed to other basing modes or a new generation of MX missiles or——

Mr. CHENEY. No.

Senator COATS. Good. That is something we will continue to talk about. But I just wanted to see if you wanted to go further than that.

Mr. CHENEY. No, Senator. The question is an important one and it certainly requires more than a simple one-word response. When I think about the concept of mobility, I think specifically either rail garrison or the Small ICBM would offer a significant improvement, a significant degree of modernization over the existing force.

Obviously, they have different attributes and would bring different strengths to our forces. And under ideal circumstances, we would be able to proceed with both systems. Because of the budget situation, because of the on-going review inside the Pentagon, I think that decision has to be looked at within the broader framework of those other considerations.

Clearly, the President has to decide which way he wants to proceed. Congress basically left that to him last time around. I would prefer to be able to go into that debate and that discussion with an open mind about what might work, whether some blend of the two systems is possible, whether cost considerations drive us in one direction or another, whether the assessment of the threat to that system by virtue of the possibility, for example, of increased Soviet capabilities to hit such targets on a short-term basis would lead us to pick one system over the other.

Those are all open questions in my mind. And I will do my best to assess those possibilities and be in a position to be able to come back before the committee before too long to discuss the direction I think we should go in.

Senator COATS. Good. I think those are the right questions to ask. And those are the ones I am asking. And I look forward to hearing your assessment of that.

The other question that I am particularly interested in is the whole question of missile defense for NATO. Also the question of procurement reform, which you have already addressed, and the defense capability industrial base for this Nation, which I think is critical. And the long-term view that I think we have to keep in mind despite budget pressures is something that has to be addressed. Hopefully, we won't be caught up in the rush to save a few dollars today and find ourselves short tomorrow.

And one more specific question. I have been continually frustrated, as I know you have and others, with our inability to get a handle on the drug situation in this country. I supported use of military in certain circumstances in the House when I was there voting on that legislation, and that was more aggressive than what was done here in the Senate.

I am going to continue to be asking what I think are some very relevant and tough questions about why not utilize the assets at this country's disposal if we truly are in a war against drugs, if we truly are serious about winning this war as the President has indicated, eliminating the scourge from our land. Why not utilize all the resources available to us?

I know we are using some of them on a limited basis and I understand some of the constraints and concerns about engaging the military, and I do not know that it is something we cannot find a reasonable compromise on where we can not only utilize all the assets at our disposal but send a very clear message to those that are trying to bring drugs into this country that we as a nation are committed to doing all that we possibly can.

I just do not know how good our rhetoric is if we say that we are going to go to war on drugs and eliminate this scourge from our land and yet we are going to put all these handcuffs and handicaps on various assets at our disposal, which I think sends a mixed signal to people importing drugs into this country.

So that is another area I want to pursue with you. There will be other questions. I am awfully glad you are there. I really look forward to working with you and I think that while we both have a lot of getting up to speed to do it is going to be a joy to do that with you, and I congratulate you.

Thank you, Mr. Chairman. I yield back.

Chairman NUNN. Thank you, Senator Coats.

Senator Shelby.

Senator SHELBY. Thank you. Dick, welcome to the committee.

It seems like such a long time since we came to Congress together. It was. was it not, over 10 years ago—January 3, 1979. I do not want to touch on everything from SDI to MX to Midgetman; we would be here a long time.

I know your record, but I think one thing you will bring, and it might be the most important, is you will help restore confidence to the Pentagon. I think we can talk about these weapons systems. We can talk about anything, but if we do not restore confidence to the procurement system at the Pentagon, we are going to have trouble getting public support for a lot of programs.

I can tell you, and you know it yourself, integrity is so important and you will bring that to the position, and I congratulate you on your appointment and look forward to working with you. I do not believe you will have any trouble getting through and you will not have any trouble getting up to speed, as Senator Coats says, because you have been involved in matters concerning national security.

I do want to direct my attention to something that has been alluded to, and I think it could have profound consequences, good and bad. It concerns what is going on and will be going on in Vienna regarding conventional arms reductions. It is far-reaching. You know, we have had a stalemate over there. We have gotten nowhere for 15 years. But there is some light over there. Whether it will shine brightly and we will be able to seize the moment, I do not know.

But what comes out of Vienna could make a profound difference in what you do at the Pentagon and what we do here. You know, Gorbachev has been known to keep the initiatives going, and we are going to have to respond or do better than respond.

Along those same lines, a lot of us are very concerned about the future of NATO. That is what a lot of it's about—burdensharing, which we talked about, and the future of the two Germanies, which we are having our trouble with right now, on modernization of weapons. Where are they going? Will West Germany continue to look East?

I think that is very important. I know we could be on it for days, or weeks, and I would like to hear your assessment of that, although it would be preliminary.

Mr. CHENEY. Senator, I think you have touched on a key point, especially the look to the alliance, NATO, our European friends, of course. A lot of us forget that NATO was created primarily because of the fear that was engendered in the West by Joe Stalin and the obvious threat presented to the democracies by the Soviet Union in that period immediately after World War II.

It is relatively easy to maintain alliance unity and cohesion when periodically our adversaries would invade Hungary, invade Czechoslovakia, invade Afghanistan. Now that we are faced with a far more sophisticated approach, it behooves us to, I think, redouble our efforts, to remind ourselves why it is that we have an alliance, why all of those who are participants in the alliance have made as much of a contribution as we have to the common defense, and that we not be misled or not fall into the trap now of assuming that we can let down our guard simply because we have somebody as General Secretary who obviously has turned a different face, if you will, to the West.

Clearly we ought to take advantage of the opportunities that are provided by negotiation in Vienna and elsewhere. I certainly would not want to do anything to indicate anything less than a strong desire to see what we can produce through those talks.

But until we see a fundamental reduction in Soviet capability, a fundamental reduction in the threat to the United States and our allies, we have to continue to maintain the level of effort that we have in the past. So, like you, I think I am more optimistic than I have been in a long time that we may see some significant breakthroughs, but I see it as my obligation at the Defense Department to ensure that should there be a sudden sea change tomorrow in that relationship, should there be a sudden change in the leadership in the Soviet Union, should, for one reason or another, the policies they appear now to want to pursue be modified, that we would not find the United States and our allies in a significantly weakened position.

Senator SHELBY. How involved will you be as Secretary of Defense in the talks? I know you will not be in the direct talks, but you will have input. I think that is very important.

Mr. CHENEY. It is my intention to be very deeply involved. I have already had preliminary discussions with General Scowcroft just yesterday in this area. He and I go back some years, to the mid-1970s during the Ford administration when he was the National Security Advisor and I was White House chief of staff, and we were in those days embarked upon the SALT negotiations.

One of the priority items he recommended to me when we met yesterday was that I get up to speed as quickly as I can on all aspects of arms control because it is going to be vital that the Department be in a position to participate actively in formulating U.S. policy in that area.

Now, obviously, the President will make the decisions, the NSC advisor will coordinate, the Secretary of State will negotiate, but I think the substantive backup analysis on what the consequences would be of various options and alternatives can only come from the Defense Department. It would be my intention to see to it that no proposal is put on the table that has not been thoroughly analyzed and evaluated.

Senator SHELBY. Shifting back over to the Pentagon and restoring confidence in the Pentagon, as Secretary of Defense all eyes will be on you and what you do, as the leader over there.

What steps do you plan to take, or is it too preliminary, in restoring public confidence?

Mr. CHENEY. I think, Senator, that there have been some problems in the past that have led to questions about the quality of the operations inside the Pentagon. Let me state at the outset, though, my experience with the Department has been that it contains, both on the military and the civilian side, some of the absolutely finest professionals I have ever dealt with in my life.

I have spent nearly 20 years in this town, and the people who I have dealt with in my responsibilities on the Intelligence Committee are absolutely top-drawer, and I think if we look throughout the military and throughout the civilian side of the Pentagon we do indeed have people who we can all be extremely proud of and thankful that they are willing to take on the difficult assignments that they do.

Having said that, there obviously have been some problems. We have had contractor scandals, allegations of fraud in the contracting process, that clearly have to be dealt with. Because of the budget situation, I think we have to go back and reevaluate our decisions in terms of substantive policy decisions to see if we cannot get a better shake for the taxpayer in terms of what we purchase.

First and foremost in terms of what I can do about that situation, it seems to me, is people. It may well be that the most important decision I make as Secretary during my 4 years, should I be confirmed, will be the decisions in the next few weeks about who I hire and who I ask to take on specific jobs and assignments.

I thought that the letter that Chairman Nunn and Senator Warner produced last fall that laid out a series of criteria that they would like to see met is a very good starting point. I think the ongoing work of the procurement reform effort and the efforts to fully implement the recommendations of the Packard Commission, some of the recommendations, and requirements of the Goldwater-Nichols Act will go a long way toward improving that process.

But I do, as I emphasized at the outset, hope that we do not fall into the trap, both those of us who were directly involved as Members of Congress or in the executive branch, the press or the public at large, of wringing our hands and assuming that somehow there is something fundamentally rotten in the Defense Department, because there clearly is not.

Our forces I think today are in great shape. The young men and women who I have encountered are some of the most impressive you would ever want to meet. Their excitement, enthusiasm, and dedication is hard to beat, and we want to be careful not to destroy that morale during the course of making certain that we run a good, solid, clean, efficient operation.

Senator SHELBY. But we certainly want to destroy what is over there that is evil, do we not?

Mr. CHENEY. Absolutely.

Senator Shelby. Thank you, Mr. Chairman.

Chairman Nunn. Thank you, Senator Shelby.

Senator Wirth, if you will defer just for a minute—I will call on you in just a moment because you have not had your first round—Congressman Cheney, I know you have discussed publicly your medical situation, and we have a letter here addressed to me from your doctor, Dr. Allan M. Ross, Professor of Medicine, Director, Division of Cardiology at George Washington University Medical Center.

I understand this letter can be made public.

Mr. Cheney. That is correct.

Chairman Nunn. Would you mind reading the letter into the record and then any explanation you want to give beyond that would be welcome.

Mr. Cheney. All right, Senator. As you all know, I have in the past been a heart patient. I had coronary artery disease dating back to 1978, and underwent coronary bypass surgery last August. Let me read the letter from my physician.

> Dear Senator Nunn: Congressman Richard Cheney, who has been under my care since September 1985, underwent coronary bypass surgery in the summer of 1988, not for the most common indicator of modifying a poor longevity prognosis—since that prognosis based upon angiographic coronary anatomy was not alarming—but more so in order for him to more safely engage in his rather vigorous lifestyle, including high altitude downhill skiing, backpacking, et cetera. His recovery has been excellent and he has been advised to pursue unrestricted professional and recreational activities. Furthermore, his formerly significant high cholesterol levels have been completely reversed on medical therapy. His pharmacological regimen is free of any side effects that would affect his judgment or behavior.
>
> The Congressman is presently fit to accept any position requiring the highest intellectual behavior and physical performance. Sincerely, Allan M. Ross, M.D., Professor Medicine, Director, Division of Cardiology, George Washington University Medical Center.

Chairman Nunn. Thank you, Congressman Cheney. We will release that letter to the public if they have any questions about it, and we will also put it in the record at this point without objection.

[The information referred to follows:]

The George Washington University Medical Center,
The H. B. Burns Memorial Building,
Washington, D.C., March 14, 1989.

Hon. Sam Nunn,
Chairman, Committee on Armed Services, U.S. Senate, Washington, D.C.

Dear Senator Nunn: Congressman Richard Cheney, who has been under my care since September 1985, underwent coronary bypass surgery in the summer of 1988, not for the most common indicator of modifying a poor longevity prognosis (since that prognosis based upon angiographic coronary anatomy was not alarming), but more so in order for him to more safely engage in his rather vigorous lifestyle (including high altitude downhill skiing, backpacking, etc). His recovery has been excellent and he has been advised to pursue unrestricted professional and recreational objectives. Furthermore, his formerly significant high cholesterol levels have been completely reversed on medical therapy. His pharmacological regimen is free of any side effects that would affect his judgment or behavior.

The Congressman is presently fit to accept any position requiring the highest intellectual behavior and physical performance.

Sincerely,

Allan M. Ross, M.D.,
Professor of Medicine,
Director, Division of Cardiology.

Chairman NUNN. Congressman Cheney, you have no objection to us getting further detailed information from your doctor if required, do you?

Mr. CHENEY. No, Mr. Chairman. I have already signed a release form to the FBI for them to have access to those records. I know they have already interviewed the good doctor. But I am happy to provide any medical records in my possession to the committee, with the understanding that they would be handled on a somewhat confidential basis.

Certainly the fact of my health situation has been public information. Last fall when I ran for reelection there was a diagram of my heart that appeared in the hometown newspaper. [Laughter.]

So it is not a secret. I think a certain modicum of restraint is in order in terms of how much detail is made public, but certainly I am happy to comply with any requests the committee has.

Chairman NUNN. We would like to get a more complete history and we will have that in the executive session, perhaps tomorrow, and you will sign any releases necessary for us to get that.

Mr. CHENEY. I already have, Senator.

Chairman NUNN. Thank you. Just let me wrap it up with this question. Is there anything in your medical history that in your opinion would impact your abilities to fully carry out your duties, which, of course, would include a lot of strain, stress, long hours, pressure, and so forth, including travel? Do you know of anything in your medical history that would in any way interfere with those duties?

Mr. CHENEY. No, Senator, I know of no such thing.

Chairman NUNN. I assume you discussed this with the President before your appointment?

Mr. CHENEY. I did. Prior to the President offering me the job we had an extended session at the White House in which this was a subject of discussion. Prior to my accepting the post I called my cardiologist and we went over exactly these same questions in some detail.

Chairman NUNN. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Congressman Cheney, in a subsequent hearing—and the chairman and I will determine the date and time, together with you, maybe even tomorrow—we will go into some other areas. Even though this hearing is primarily designed to go into policy issues, I think it might be important now to give you the opportunity to put in the record here this afternoon any details on which you wish to inform the committee and the Senate with respect to your military deferment.

Mr. CHENEY. Senator, I never served in the military in uniform. I graduated from high school in that period between Korea and Vietnam. As a matter of fact, it was 30 years ago this spring, in 1959, when I was 18 years old.

I subsequently went to college off and on. It took me 6 years to get my bachelor's degree, partly because I was not an outstanding performer academically, partly because I also had to work during the period of time in order to be able to pay for my education.

During those early years in the early 1960s we were at peace. The draft system then in effect was taking older candidates. And when I was 18, 19, 20 years old they were drafting people older than I was.

Senator WARNER. You did register.

Mr. CHENEY. I did register for the draft and received while I was in college the normal 2-S deferment.

From the summer of 1963 or September, until September, roughly, of 1968 I was in school pursuing a bachelor's degree, a master's degree, and then a Ph.D, all of that time, except for summers when I was working and one semester when I was on an educational scholarship program.

I was also married in 1964, became a father in 1966, and during that period of time received the normal 3-A deferment, I believe, that was then granted to parents. I basically always complied with the Selective Service System, did not serve, and would have obviously been happy to serve had I been called.

Senator WARNER. Did you ever speak out or write or otherwise participate in any groups that were either pro or con military policy at that time?

Mr. CHENEY. No, I did not, Senator.

Senator WARNER. Is there anything else about your personal background that you feel might be relevant to this hearing that you would like to bring forward at this time?

Mr. CHENEY. Well, I think, based upon the information that I provided over the last couple of days, I did not realize I had so much information about myself. I did not realize what kind of requirements we inflicted on nominees until I became one.

I cannot think of anything that is not already part of the submission to the committee.

Senator WARNER. Thank you, Mr. Chairman.

Chairman NUNN. We plan to have an executive hearing tomorrow morning to go into any details that the members may feel that they need to raise and anything you would like to talk to us about that would be of a financial nature that comes under the category of confidential information and to pursue further any questions we might have on the medical report once we get a little more thorough medical report.

It is my plan to have that kind of session sometime tomorrow morning, I would guess 9:30, with you and then we will come back out in the public session around 11:00 or 11:30 to wrap up policy questions. I know there are some members who could not be here today that are going to have questions and we will continue here for another hour or so and make sure everybody gets one round and perhaps two in.

Senator WARNER. Mr. Cháirman, you and I would return to our second round questions then eventually?

Chairman NUNN. Correct, although we have just had a second round. I think we have to defer to our colleagues first.

Senator WARNER. I did not use the full 6 minutes. I have one other question here that I am anxious to ask, but I will defer to our colleagues who have not had a first opportunity.

Chairman NUNN. We will get back to us. Let us go with Senator Wirth and Senator Bingaman and that will complete the first round of those who are here.

Senator WIRTH. Thank you very much, Mr. Chairman.

Congressman Cheney, I just want to add my words of welcome. I think one other thing ought to be added to the record, Mr. Chairman. In my experience in the House with Dick Cheney I found him to be one of the most partisan people I have ever known in my life but also one of the most likeable, competent, and effective partisans—even more than you, Trent Lott.

I think that is a terrific combination for the President and I think it is a great choice for George Bush. I would just ask you if you might, Dick, exercise and reflect that effectiveness by getting this paperwork through here at very high speed so that we can get this done late this week.

Mr. CHENEY. Senator, we have completed all of our submissions, we have answered subsequent follow-up questions that we have received from the Office of Government Ethics and the DOD General Counsel and the committee staff. To the best of my knowledge, absolutely everything that has been asked us has been provided, and it is my understanding if it is not here now, it will be here, I would guess within the next 24 hours.

Chairman NUNN. I think that is right. Congressman Cheney has done everything he can do. There are a couple of things that have to come in from the executive branch, but I think he has completed all of that information. We may have follow-ups, but we have the initial submission.

Senator WIRTH. Well, let the word go out to the executive branch that we are waiting and hope we can move out very rapidly.

Let me ask you very briefly about the meetings going on in Vienna. You know, we are beginning some extremely important and promising discussions in the area of conventional arms control. First of all, I want to ask you if you had any reaction to the initial proposals made both by the Soviets and the NATO side.

Mr. CHENEY. I do not have any specific reaction at this point, Senator. I think, like many observers, I was surprised to some extent that the Soviet proposal seemed to be as close as what the NATO allies had put on the table. It would appear that at least on the surface anyway, and based on those preliminary indications, that the possibility exists that we could, in fact, move fairly aggressively toward some kind of an agreement.

But I think we should not underestimate the difficulty of the task. Counting missiles and silos is a relatively simple proposition, and those negotiations obviously have taken a lot of time, in some cases years, to put together.

When we begin to talk about what constitutes parity and would enhance security in terms of conventional forces in Europe and when we take into account the important contribution our allies make and the necessity to consult widely in that arena, I think it would be a mistake for us to underestimate the complexity of those negotiations.

But basically, I have been generally impressed with what has transpired so far. I have the feeling, having watched the MBFR talks from afar for a long time—I remember I was a junior staffer in the White House back in the early 1970s when Richard Nixon began the MBFR talks with the Soviets—that there has been far more progress in the last year or two in that arena than anything I frankly had expected we would see.

Senator **Wirth**. I find it very surprising that in the last 3 years we have seen the Soviets agreeing to, for example, on-site inspection, very dramatic asymmetric reductions in the INF Treaty, and major commitments to unilateral force reduction. It seems to me a lot is going on there that I suspect 5 years ago we never would have imagined was happening.

Mr. **Cheney**. I would concur in that judgment.

Senator **Wirth**. And I would think that we have got a major responsibility governed by the word prudence, a word you used earlier in the hearing today, to respond in some fashion in the United States to reassert leadership of the Western alliance and assure a Western alliance that has to be quite troubled by all of this and where it is headed.

Mr. **Cheney**. Senator, I certainly do not differ with those views at all. I think it is important for us, and obviously I say this from the perspective of someone who may become Secretary of Defense, that the President is the one who has got to negotiate these agreements. He should do so in consultation with the Congress. It is very important that we support him in that effort, but it is also important that we proceed cautiously and with deliberation.

We clearly do not want to pass up the opportunity to reduce the likelihood of hostilities, to reduce the level of the defense burden on both sides of Europe, but I think it is, as you indicate, incumbent upon us to exercise considerable prudence in that process.

Senator **Wirth**. I bring all of this up because in the context of this worldwide picture, the role the Pentagon is going to play in these negotiations, the role of our Defense Department in staffing them out and developing alternatives that this country pursues, is going to fall in large part to the direction, I think, that it gets from its political leadership.

If the political leadership says that this is important, then it seems to me we have probably a better opportunity of reassuming leadership in these matters, and we have a better opportunity as a country to come up with proposals and a vision that will reach into the next century.

You know that. I just want to reemphasize the great importance of that, and note that if you give it a push it is going to be a lot more likely to happen than if it is left as a second or third-rate priority.

Mr. **Cheney**. Noted, Senator.

Senator **Wirth**. The final item I wanted to touch upon was the budget, which has been discussed earlier. You are familiar, I think, with the CBO estimates that if we continue with the current levels of commitment in readiness and the current levels of commitment in procurement, in order to meet the budget targets we are going to have to dramatically cut our force levels, which I do not think any of us want to see happen.

We are going to have to have a much more balanced approach to this which is going to mean some very difficult decisions in the area of procurement of weapons systems. We talked last year and the year before in this committee extensively about the so-called procurement "bow wave" and how that is driving so much of the budget.

John Dingell, your old friend from the Congress, used to say if you want to kill the snake, squash the eggs. That may be a bit stronger than we want to put it here, but we are certainly in need from you and the leadership of this administration of some very real commitments to eliminating some weapons systems and not just stretching things out and assuming this problem is going to go away.

You know that as well. I do not have to tell you that. I just want to reemphasize that there are many members of this committee who would like to be very supportive in helping you do that.

Mr. CHENEY. Senator, obviously we are faced with some very, very difficult choices in that area that are actively under consideration now. One of my first obligations, should I be confirmed, is to spend a lot of time on those very questions and issues.

I would hope that while we obviously have to respond to the budget realities we are faced with that we not fall into the trap of assuming that only budget considerations should drive our decisions and choices about force levels, force structure, and procurement and those other important items within the overall defense budget.

I would like to be able to come back to the committee and say, look, here is the strategy we decided upon in order to achieve the national goals and objectives that we all share, and I can carry out this strategy but it is going to cost *x* amount or these are the choices and tradeoffs you as a Congress are going to have to make.

Clearly my responsibility is to advise the President, and I will. His responsibility is making a submission to the Congress, but in the final analysis I would hope Congress is willing to look not only at the budget situation but also look at the question of what do we need by way of military capability in order to achieve our objectives.

Senator WIRTH. That is a very refreshing answer and I appreciate that. I wish you luck. Lynne, we are delighted to have you all involved in this. Thank you very much, Dick, and I hope we can get this done rapidly and get you on the job.

Mr. CHENEY. Thank you.

Senator WIRTH. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Wirth.

Senator Bingaman.

Senator BINGAMAN. Thank you, Mr. Chairman.

Representative Cheney, I welcome the chance to have you in the position of Secretary of Defense as much as the other members of this committee do.

Let me ask a couple of questions on issues that I think you touched on in the time that I was not able to be here. The Department of Defense has, of course, gotten heavily into trying to support the defense industrial base, through Sematech and various other programs.

Could you give us some comments as to the extent to which you think it is appropriate for the Department of Defense to participate in supporting something like high definition television, or other dual-use technologies, that have commercial application and have defense application, and that may be key to the continued ability of this country to compete in some of these industries?

In your view, to what extent does the Department of Defense play a role in that?

Mr. CHENEY. Senator, as a general proposition I would prefer a situation in which we have a strong, vital, healthy private sector with the capability to produce the goods and the weapons that we need in order to maintain our military security. That is the ideal situation.

Obviously, we are under a set of circumstances now where that is not always the case. I think we ought to look first to the kinds of practices we have within the Pentagon in terms of procurement and acquisition to see whether or not we are doing things by way of operating that make it difficult for the private sector to survive and be healthy.

I think there are, however, probably areas—you mentioned high definition television—that may well be one of them. I am not enough of an expert in the field to know at this point. There may well be areas like that where there are very special technological developments that require the Department of Defense to get actively involved in trying to support and sustain those industries.

Obviously, it is the kind of thing that I would think Congress would want to play a major role in. I do not think it is the kind of thing that I, as Secretary, were I to be confirmed, would want to operate on unilaterally. I would hope that there would be broad support. But clearly it is an area that we ought to look at.

We are, I think, in some danger in some areas of not having an adequate defense industrial base to support the kinds of systems we are going to need and require in the future, and that is of great concern.

Senator BINGAMAN. In the case of high definition television, my information is that DARPA put out a request for proposals to do in the range of $30 million worth of research in this general area. Some of the responses to the request were from foreign firms located in allied countries. As I understand it, Philips and Sony each made a response.

Do you have a position on whether it is appropriate for us to use defense dollars to pursue research in a key area like that through foreign firms rather than U.S. firms, and whether foreign firms should be properly bidding on that kind of work?

Mr. CHENEY. I think it depends on the research, Senator. I think it depends on the firms, and I think it depends to some extent upon their nationality. Obviously, some of our allies have capabilities, industrial capabilities, that we would like to have, and there may be occasions when the best way for us to meet a defense requirement would, in fact, be to contract with a company that is not a U.S. company.

But I think you have to look at them on a case-by-case basis. There are clearly areas where we do not want to encourage the development of technology in another area, but I do not think you can have a hard and fast rule. I think you would have to look at it and see what it is you were trying to achieve and what the best way is to achieve it.

Senator BINGAMAN. The whole issue of how we coordinate our decisionmaking on some of these issues in the executive branch has been before us recently with the proposed FS-X deal with Japan, the sale of technology by General Dynamics to the Japanese.

I would be interested in your thoughts as to what role agencies such as the Department of Commerce, the U.S. Trade Representative, and those agencies with a real focus on the economic implications for the country, should have in decisions which historically have been Defense Department-State Department decisions.

I think the FS-X is a clear example where the Defense Department and State Department went forward, during the previous administration, to consummate an arrangement without the direct involvement, or at least the heavy involvement, of the Department of Commerce and the Trade Representative; that ground is now having to be retraversed to get that input.

Do you have a sense for the extent of the input that is appropriate from some of the other agencies?

Mr. CHENEY. Well, I think input is certainly appropriate. I cannot argue with that. And, obviously, when you are dealing with significant economic packages or deals that involve sophisticated technology the President is going to want to draw on all those various folks for advice.

I have been intrigued with the new role of the Department of Commerce in trying to safeguard the Nation's technology. My experience has been in the past they have always been the advocates of selling technology in an economic sense, and it has been the Defense Department that has been involved in trying to limit those transactions.

With respect to the FS-X deal in particular, I do not have in-depth knowledge of it. I have reviewed the matter to some extent. I know the President has ordered a review but as of last Wednesday, the last time the subject came up when I was in his presence, he indicated he had not yet made a decision about whether or not to go forward.

My basic instincts are that unless something new and unforeseen were to come out of that review process that it is important for us to remember that the Japanese are an important U.S. ally, that they now contribute more to their defense than do any of our NATO allies in terms of total dollars expended, that they have got the third largest military capability in the world behind the Soviet Union and the United States, and that whatever the outcome of the current debate with respect to the FS-X proposition, we have to look for ways to encourage and strengthen and enhance that relationship.

My guess is the last administration did not enter into that deal lightly or without carefully considering all facets of it. So obviously I will be guided by whatever the review ultimately produces and so far the administration has not finally come down on it.

But I think we have to be very cautious here not to fall into the trap of assuming that we ought to automatically resist, if you will, that kind of joint venture with our major allies.

Senator BINGAMAN. Thank you very much.

Chairman NUNN. Thank you, Senator Bingaman. We are back for Senator Warner on round two.

Senator WARNER. Congressman Cheney, you mentioned Japan having the third largest military budget as opposed to force structure.

Mr. CHENEY. That is correct, Senator.

Senator WARNER. I am sorry my good friend and colleague Senator Kennedy has left. He shot a little round over my bow on carriers and he used Panama as an example. So I called the Navy and found that if we had a problem down there chances are the indigenous air field would be of little use to us. Therefore, we would have to rely on a carrier which is now in the Pacific and another one in the Atlantic.

Otherwise, any tac air would have to fly about 800 miles from Homestead, Florida, down there, requiring refueling. But let us go back to carriers.

Do you know of any diminution in our worldwide commitments or the situation in terms of the threat posed to our security or that of our allies which would justify a reduction in our aircraft carrier force structure?

Mr. CHENEY. I certainly do not know of any such diminution at present, Senator. Obviously that is a subject that is under review in this ongoing strategic review. My experience where carriers are concerned has been that the first thing a President does when he gets into a crisis is ask where is the nearest carrier.

Senator WARNER. That is what John Stennis used to ask every time.

Mr. CHENEY. During my time in the Ford White House, we dealt, for example, with the final collapse of South Vietnam, the need to evacuate Da Nang, Saigon, Phnom Penh, the Mayaguez crisis, the crisis in Lebanon, and in each and every instance the first thing we did when the crisis developed was to check to see where our nearest battle group was, the nearest aircraft carrier, and to begin moving it toward the area of potential conflict because that was the most ready force, had the broadest capability, and in each and every instance we were able to do that.

I can recall one situation, though—specifically it was the *Mayaguez* crisis in 1975—when we had some problems because it occurred shortly after the final collapse of South Vietnam and many of our ships and specifically our aircraft carriers were tied up and unavailable. And ultimately they were involved in that action, but we were faced with a situation where our resources were stretched very thin.

Senator WARNER. You had a delaying factor there.

Mr. CHENEY. We did indeed.

Senator WARNER. I think the record should also show while you were with President Ford you worked on the Vladivostok meeting with the Soviets, did you not?

Mr. CHENEY. That is correct. I attended that summit with the President.

Senator WARNER. So you have had experience in preparation for a summit and participation with the President.

Mr. CHENEY. Yes.

Senator WARNER. Let us return again to the concept of sea power and how this Nation, which in reality is an island nation, separated from our principal allies, with the exception of Canada and of course to the south, by the two oceans. What is your approach to maritime superiority?

That has been a goal consistently of this Nation and are you prepared to support it and what about the magical 600-ship Navy?

Mr. CHENEY. Senator, I have consistently been a supporter of the 600-ship Navy. I felt it was a good and worthy goal and if you look at my voting record in the House of Representatives certainly it is consistent with that view.

Senator WARNER. And you recognize our dependence on the sea lanes of the world and the need to maintain maritime superiority?

Mr. CHENEY. Absolutely, Senator. But I also recognize and I want to emphasize that if we are going to do a thorough and comprehensive review, as we have been instructed by the President to do, of our national goals and objectives and what our strategy is to achieve those objectives and what assets we have available to carry out that strategy, I think we have to look at the broad range of our assets.

I clearly do not disagree at all with the notion that you have mentioned in terms of the importance of the sea lanes of the United States.

Senator WARNER. Well, of course the 600 figure is predicated on a mix of ships, and while we are moving in that direction indeed you have to make some adjustments because of budgetary restraints. But I am quite pleased with your approach to the concept of sea power.

Now, you said your earliest priority was to work on your own team, if confirmed, in the Department of Defense.

Mr. CHENEY. Senator, I am a great believer as a manager that the personnel decisions you make are absolutely crucial. There is very little that I will be able to do over in that Department all by myself. It is going to be organizing and motivating and providing leadership for a team hopefully of first-class people who will be able to carry out the policies of the President and the policies of the Congress with respect to national security matters.

It may well be that the decisions that I make over the next few weeks in terms of who goes into those particular positions will have a bigger impact on the Department than anything else I do during my service as Secretary, so I have that as my number one priority.

Senator WARNER. Well, it is interesting. Twenty years ago this month I had the privilege of going to the Department of Defense, and Melvin Laird, who had come from the House of Representatives with a background somewhat similar to yours, became Secretary and then he picked a top industrialist, David Packard, and the Laird-Packard team is literally legendary in the annals of our national defense.

I think you have a similar opportunity now with Mr. Atwood. Would you care to comment? I presume that you have met with him and discussed the possibility of forming your team with him.

Mr. CHENEY. I have indeed, Senator. And just yesterday I asked and Mr. Atwood agreed that he would in fact proceed as planned by the President. He has accepted the President's nomination as the Deputy Defense Secretary-designate. Hopefully his confirmation will follow shortly after my own, and I look forward to working with him as my deputy in the Department.

Senator **Warner**. With respect to the balance of the Presidential appointees, have you worked out a relationship with the White House where you will have, I hope, a free hand in the selection of those individuals and that they will largely reflect your choices?

Mr. **Cheney**. When I met with the President on Friday, Senator, to talk about this particular post that he has now nominated me for he made it clear to me that I do indeed have a free hand with respect to how I proceed. Obviously, there will be the normal clearance processes. He will have some recommendations which I will consider.

Clearly a number of those appointments are Presidential level appointments. He is the one who nominates them, so I will make recommendations to him. But I expect that I will be able to proceed to fill those posts without any encumbrances.

Senator **Warner**. That, to me, is the best relationship.

Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Warner.

Senator Wallop.

Senator **Wallop**. Mr. Chairman, I have only one question and observation. The observation is that, Dick, you have handled all the questions today in a way that is consistent with the way I have always known you and followed your career. You have promised a great deal of counsel with various members on 600-ship navies and on Panama and the industrial base and a variety of things. I hope you have some small time left over to counsel with me on strategic defenses.

Mr. **Cheney**. Senator, I will consider it just a continuation of our delegation meetings the last 10 years.

Senator **Wallop**. The last thing is, Mr. Chairman, I noticed with some interest that San Francisco turned down the homeporting of the Missouri. I thought maybe we might be able to consider some small Corps of Engineers work that would make it possible for us to put it at Lake Desmit. [Laughter.]

Mr. **Cheney**. No comment, Senator.

Chairman **Nunn**. Thank you, Senator Wallop.

Senator Lott.

Senator **Lott**. Dick, just a couple more questions. You know, we have gotten right into the policy questions and skipped over a lot of interesting things in your background. You do have a B.A. and an M.A. degree in political science and have completed most of your work toward a Ph.D. in political science.

But I noticed also during the past 20 years on at least a couple of occasions you have been out of Government in the private sector, and I think people would be interested in knowing what you did during those periods, I think in 1973 maybe and then again in the 1976–77 area.

Mr. **Cheney**. Well, in 1973, shortly after the 1972 elections, I joined the firm of Bradley, Woods and Company. It was a small investment advisory firm basically.

Senator **Lott**. Where is it based?

Mr. **Cheney**. It is based here in Washington and New York. And it was a small partnership set up by a couple of friends of mine.

We advised institutional investors, banks and insurance companies, mutual funds, on public policy matters that might affect their investment strategy, basically.

I spent about 18 months with Bradley, Woods as a partner in the firm, through 1973 until August 1974. Then in September 1974 I was asked by then-President Ford to join his administration and I severed all ties with the company at that point.

When I left the Government after the 1976 election, in 1977 I renewed my old relationship with Bradley, Woods, not as an owner of the company or a partner—I had no equity interest in it—but basically on a part-time consulting basis while I was in Wyoming, and I spent, of course, much of 1978 as a candidate for Congress.

That basically was my time in the private sector.

Senator LOTT. Do you now have any equity position in any company of any kind?

Mr. CHENEY. No. All we have, I guess, has been filed with the committee in terms of the financial statement.

Senator LOTT. So you have basically taken a pauper's oath.

Mr. CHENEY. I have taken a pauper's oath.

Senator LOTT. I know that to be the case.

Mr. CHENEY. I was, for example, on the board of a bank in Wyoming when I was elected to Congress in 1978, and at that time severed all my ties with the bank.

Senator LOTT. That was the question I wanted to ask you. We will have an opportunity to go over some of these questions, I am sure, in executive session, but I wanted to ask it in public session because I am sure I know the answer. Do you at the time of your selection by the President know of any potential conflicts of interest that you might have in being selected to be Secretary of Defense?

Mr. CHENEY. I know of none, Senator. We have had in the last couple of days, as I mentioned earlier, the interesting exercise of trying to resolve all possible conflicts, and one that I was absolutely amazed by, that it was a potential conflict according to some of the attorneys downtown and in the Department, was the fact that my wife and I once wrote a book called Kings of the Hill, a book about the Congress of the United States.

Last year we received royalties on that book of $210. Actually, it is better than that. [Laughter.]

But that is all we got for it. But for a while there yesterday we thought we were going to have to sign over our rights to that book in order to avoid a potential conflict of interest, which I found amazing.

Chairman NUNN. That came from the executive branch, did it not?

Mr. CHENEY. Yes. It is not from this committee. I think they worked it out so that if I recuse myself from all dealings with that publisher of the book, I will be able to retain my right.

Senator LOTT. I wanted to say I know about that, and I want to say I think it is ridiculous, and I hope that you will not give in without a fight on that.

Mr. CHENEY. My greatest interest, Senator, is getting through this process as quickly as possible, and we have taken all the steps we are told are required to absolutely guarantee that I will have no other loyalty or interest other than service as Secretary of Defense and no potential conflict of interest.

Senator LOTT. I am absolutely sure of that. Two quick points. Senator Thurmond mentioned earlier today concerns about medical services for our military active duty and retired personnel. It is a serious problem. It affects morale in our military services.

I am getting a lot of complaints about it from the military hospitals and facilities that we have in my own State. It is a matter I think you need to take a look at, and I would urge you to do that as soon as you get an opportunity, because it is going to have an impact beyond active duty and retired personnel. It is going to have a lot to do with retention and future problems that we have in the military.

The last point—you do know that those carrier task forces require a lot of cruisers and destroyers, LHDs and LHAs to escort them.

Mr. CHENEY. And they are going indeed to Pascagoula.

Senator LOTT. Thank you very much, Mr. Chairman.

Chairman NUNN. I have one question, Congressman Cheney, on behalf of Senator Byrd which I will read to you. This comes from him. He is at the White House on budget meetings with the President, and he offers you his apologies for not being able to attend this hearing with you.

He did ask me to inform you of his interest in the preparation of a study directed by virtue of an amendment offered by Senator Byrd and the distinguished Republican leader, Mr. Dole, to the DOD authorization bill last year.

The amendment would require a Presidential report analyzing alternative strategic nuclear force postures for the United States under our potential START Treaty. That is in order to ensure that any treaty enhances the security of the Nation. We ought to identify the various force postures that might be developed in conjunction with a treaty, their costs, their survivability and potential for strategic stability among other things.

The amendment also asks for an assessment of the likely effects of a breakout by the Soviet Union from such an arms control treaty.

The study was originally due on March 15, but for obvious reasons Senators Byrd and Dole feel that our new team needs to conduct such an analysis. He would like to ensure that we share the text of the amendment with you and ask that you commit to attempt to have the work done by May 15. So, he is asking you to delay it really and give it some attention.

Mr. CHENEY. I will certainly give it attention, Senator.

Chairman NUNN. We had an original report on the MX-Midgetman that was due, I believe, on February 15 or something of that nature.

We agreed—Senator Warner, myself, Congressman Aspin and Congressman Dickinson to slide that date to April 1. We want this decision to be a sound decision, and we are not as interested in the date as we are the decision. So, if you do see you need more time beyond April 1, if you will let us know, I am certain the committees would go along with that.

Mr. CHENEY. Thank you very much, Mr. Chairman.

Chairman NUNN. Also, in the State of the Union Message to the Congress on February 9, President Bush outlined the schedule for three national security reviews that have been undertaken by the administration. The first one was a defense budget amendment which would be submitted to the Congress by April 9. Do you happen to know the status of that now?

Mr. CHENEY. In my discussions yesterday at the Department, there is some desire to try to postpone that a few days if possible. Obviously, if that is the deadline that the President wants to insist upon, we will pursue it. It is my intention to look at that as soon as I can complete this confirmation process and how it fits with everything else we are trying to do.

I think there ought to be some relationship with respect to what we do in our budget development as well as the strategic plan.

Chairman NUNN. I think under the circumstances we all find ourselves in now that the committee would be very receptive to stretching a few days or whatever is necessary on any of these items because we believe that you ought to be able to get your own feelings together and your own team over there to make these decisions, so you will find us cooperative.

The next one was the strategy review would be completed by May 9. That is a little bit further off, and the defense management review, which would be completed by May 9. But I would say the same thoughts would apply to those.

Mr. CHENEY. Thank you, Mr. Chairman.

Chairman NUNN. Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman.

Congressman Cheney, I know you cannot really expect to get into the details of which weapon systems or perhaps even force structure in terms of where potential cuts or reductions would be, but have you formed any views about where you might place priorities in terms of reductions?

I think as a member of the committee what we have seen often in the past is that O&M accounts get cut. This is where you get the fast track in terms of outlay savings, but of course, such reductions have important implications over a period of time in readiness, preparedness and the rest.

We have the whole question in terms of force structure. We have seen some cuts last year in terms of Marine strength, recommendations by Secretary Carlucci in terms of force structure cuts in the Navy, Air Force, and Army. At the same time, you could fairly state we have seen a major building in strategic nuclear systems over the period of recent years. We have introduced the B-1 and B-2 bombers, but still retain the B-52 with cruise missiles and the FB-111. I believe you can make a similar case across the spectrum in strategic forces.

Is there anything that you could tell us just in your own thinking on budget priorities without getting into the specifics of weapon systems about where you might come out? It seems to me that we have a technological advantage which clearly has worked to our advantage, and that ought to be retained. And you need to retain both modernization and readiness.

One concept that has been raised is to shift more forces into the Guard and Reserve. I am mindful that just in our own situation, our own State of Massachusetts, we have an Air National Guard unit at Westfield, MA, made up primarily of commercial and private pilots. They ranked ahead of all the active units in their last Air Force flight competition in 1986. I think this can be replicated in other situations. Perhaps you could give us in general broad strokes where you might place your priorities.

Mr. **Cheney**. I would love to be able to do that, Senator, but I would be speaking with less than complete knowledge of the current situation. I really feel an obligation in fairness to the services and the Forces that are involved that I need to be better informed before I make such judgments.

Senator **Kennedy**. Just on a different point, maybe you can give a reaction regarding your own thinking. Accepting what you said earlier that there are still unanswered questions about where the General Secretary is moving in terms of the Soviet military capability, but at the same time we must recognize some of the pressures that you are aware of and that were raised by Senator Levin and others about burdensharing. The reality is that we are going to make some downward adjustment in the last budget recommendation. So, there are going to be some adjustments in our NATO commitments.

A point I would think it would be worthwhile to give consideration is if we are going to take some steps that are going to be consistent with security, would it be useful and worthwhile to get the Soviets to take them, too, so it is not a unilateral action. Many of those that are serving in the administration, as well as outside experts, have a pretty good feeling about the capability of our forces and believe that we have opportunities in terms of negotiations with the Soviet Union on conventional force reductions.

I am aware that the overall review that is taking place within the Department in terms of the strategic position of the administration vis-a-vis the Soviet Union. Would it not be worthwhile to take a look at mutual conventional force reductions if you are going to take some unilateral steps in any event?

I do not know if you have some reaction or if you want to think about it or whatever way you want to handle this.

Mr. **Cheney**. I would like to think about it. My experience, Senator, is that the Soviets will not give us—well, I will put a qualifier on this—the Soviets are not likely to give us something for nothing, and obviously we prefer to be in a situation where we can negotiate, if there is going to be a reduction in force capabilities on both sides, a mutual reduction.

I would hope that we do not make the mistake of being so eager to respond to them that we take unilateral actions that detract from our overall capability. I believe firmly that one of the reasons there is an interest on the part of the Soviets today in terms of negotiating, one of the reasons Mr. Gorbachev has embarked upon the economic reforms that he has, is because it became abundantly clear, thanks to the bipartisan support of the Congress and the administration in the early eighties, that we were indeed prepared to make the investment to improve our military capability if necessary.

I look at the INF deployment as a classic example—the Pershing II and the ground launch cruise—and once we went forward with that deployment and it became clear to the Soviets that we were prepared to meet the threat that they constituted, then they were prepared to seriously enter into negotiations, and we were successful at eliminating a whole class of weapons.

So, it is going to be difficult for us, obviously, in the course of the next few weeks as we deal with the fiscal year 1990 budget problem to use that as any kind of leverage where they are concerned.

I think we have got different tracks going here. I do think it is important for us to try to bring them all together, and that the budget decisions we make and the arms control decisions we make ultimately have to be guided by the fundamental decisions we make about our grand strategy.

Senator KENNEDY. Thank you very much. My time is up.

I guess I am the chairman——

Senator LOTT. I have no further questions at this time.

Senator KENNEDY [presiding]. You want to revisit that aircraft carrier now? You want to see him come out of his seat. I am all for those new ones, John. We are going to build them down at Newport.

Senator WARNER. And the repair that may go into Newport, you know. I think, Mr. Chairman, that we have had an absolutely extraordinary hearing and that you have discharged yourself, as your colleague from Wyoming stated in a most commendable and informative manner. We thank you and good luck.

Senator KENNEDY. Thank you very much. Congratulations.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

ARMY SUPERCOMPUTERS

Senator BYRD. What is the status, 5-year outlook, and significant milestone events leading to procurement and installation of a supercomputer system for the Army at a competitively selected academic institution?

Representative CHENEY. The capability of the U.S. Army to counter numerically greater military forces with superior military systems is enhanced by a high-performance computing capability. To enhance the productivity of Army scientists and researchers, the Army initiated a competitive procurement to establish an Army High Performance Computing Research Center (AHPCRC) at an educational institution. Essentially, this research center will be a "Center of Excellence" in state-of-the-art computing.

Major acquisition events for this procurement are planned as follows: Release Request for Proposal—17 January 1989; Proposals received—17 April 1989; Contract Award—4th Quarter 1989; Initial Operational Capability—1st Quarter 1990; and Contract Ends—4th Quarter 1994.

In the first quarter of fiscal year 1990, the Army expects to establish an Army High Performance Computing Research Center (AHPCRC) at a competitively selected educational institution. The center is intended to make more effective use of existing conventional supercomputers, and for research that anticipates use of advanced computing architectures of the future. Academic institutions will propose suitable advanced high performance computing technology necessary to support the research objectives. In addition, the AHPCRC will play a prime role in consulting, training, and technology transfer to Army researchers and other scientists performing Army sponsored research.

AEROSPACE MANUFACTURING TECHNOLOGY

Senator BYRD. I am advised that there is a need for development of new manufacturing methods and equipment to produce the next generation of military aircraft in the mid 1990's. With tight budgetary constraints for the foreseeable future, it will be necessary for aircraft manufacturers to increase the efficiency of their production methods as well as the effectiveness of their aircraft. In order to meet the challenge of increased effectiveness and efficiency in the production of military aircraft, as well as maintain a keen competitive edge in marketing advanced commercial aircraft worldwide, the American aerospace industry must take steps now to modernize their production methods. Consequently, it behooves the Federal Government, which would benefit from any increased efficiency in the aerospace industry in terms of lower procurement costs, to embark upon an investment with industry as soon as possible in order to develop the necessary production methods and tools so they will be ready for application when procurement of the next generation of advanced aircraft is implemented. In addition, these gains would also be used to dramatically upgrade the performance capabilities of various operational military aircraft.

What are the Department's plans over the next five years to deal with the manufacturing technology issue, which represents both a challenge and an opportunity?

Representative **Cheney**. The U.S. aircraft industry substantially improved its competitiveness in the world market place because of the defense build up of the 1980's and it remains a world leader today. However, we believe that industry's investments in *product* R&D have not kept pace with investments in *process* R&D and this needs to be redressed. Also, the productivity and responsiveness of vendors and suppliers supporting the aircraft industry is not as good as it could be. Problems remain in key industrial sectors such as bearings, avionics, machine tools, and others. Although these are primarily "civilian" industries and often the Department does not have a direct business relationship with them, we recognize their importance to the industrial infrastructure and the national security. We have a role to play and have both management and technological initiatives planned for the coming years.

The crux of our plans is to deal with the *causes* of a decline in manufacturing competitiveness, not just the symptoms. This is particularly challenging during a period of reduced defense dollars but we do see near-term and long-term solutions. The recommendations we are putting into place center around six major thrusts: forging the right relations with industry; improving the acquisition system; establishing defense industrial strategic plans that support our military strategic plans; developing manufacturing capabilities concurrent with development of weapons systems; laying the foundation now for the technical skill base required for tomorrow's defense needs; and ensuring that industrial base issues important to our defense benefit from the full spectrum of potential policy remedies, when appropriate.

COMPLIANCE WITH TECHNOLOGY TRANSFER ACT

Senator **Byrd**. With 60% of the Federal Government's research and development budget (approximately $37 billion), what measures has the Department of Defense put in place to cooperate with the Technology Transfer Act of 1986, the Presidential Directive 12591 of 1987 (Executive Order) as well as with the earlier enactment of the Stevenson-Wydler Act of 1980?

Representative **Cheney**. DOD has taken action to implement the statutes and Executive Order cited by establishing an Office of Research & Technology Applications (ORTA) at each of DOD's laboratories, and establishing cooperative R&D agreements with non-Federal parties. DOD's most recent data shows about 35 agreements in place or being negotiated.

In addition, DOD has also taken action to: provide royalty sharing with DOD inventors; provide contractors commercial rights to contractor developed inventions; release about 13,000 technical reports per year to the general public; develop a database to make DOD experts available to the private sector to explore common technological questions and opportunities; participate in and provide financial support to the Federal Laboratory Consortium; and coordinate with Federal agencies through an interagency committee chaired by the Department of Commerce.

DOMESTIC TECHNOLOGY TRANSFER

Senator **Byrd**. How do these measures breakdown in terms of Air Force, Navy and Army research and development budgets?

Representative **Cheney**. DOD does not budget Domestic Technology Transfer on a separate basis. While no specific figures exist, several of our programs and efforts do contribute to the conduct of domestic technology transfer.

Defense Technical Information Center (DTIC) budgeted at about $22 million, collects, stores, and disseminates DOD scientific and technical information. DOD has an active patent and licensing program.

Full time Offices of Research & Technology Applications (ORTAs) are operated at the larger (over 200 people) DOD laboratories and an active community based technology volunteer program is in place. Programs such as the National Semiconductor R&D Initiative (SEMATECH), and the DOD manufacturing technology initiatives, which are partially funded by DOD, also strengthen the U.S. Defense industrial base.

SDIO TECHNOLOGY TRANSFER INITIATIVES

Senator BYRD. The Strategic Defense Initiatives Organization's Office of Commercial Applications has clearly taken a positive and leading role in developing successful technology transfer initiatives. How can the three services achieve the same results? How could these results be coordinated at the Office of the Secretary of Defense level in a permanent and meaningful manner?

Representative CHENEY. All three military services have active and successful programs of domestic technology transfer. The most important aspects of technology transfer occur at the individual DOD laboratories where innovation takes place. Representative activities at the DOD laboratories include patenting of inventions (almost 600 in fiscal year 1987 and over 5,000 since 1980), negotiating cooperative R&D agreements with domestic firms, and technical assistance to domestic government and commercial entities.

Ongoing audits of the Federal-wide activities in domestic technology transfer by the GAO and the DOD program by the DOD Inspector General will assist the Secretary of Defense staff in identification of areas needing policy clarification and emphasis if required. Both audits are expected to be completed in the next several months. The OSD does conduct active management and oversight of domestic technology transfer in the DOD on a continuing basis.

DOMESTIC TECHNOLOGY TRANSFER

Senator BYRD. In 1988, the National Aeronautics and Space Administration (NASA) received a mandate from the conferees of the Committees on Appropriations to "conduct a definition/design study of the 5-year master plan for the establishment of a national repository for federal research and development (technology transfer) . . . and to transmit the definition design study along with five year cost estimates and a proposal for cost-sharing to the Committees on Appropriations of the House of Representatives and the Senate by February 1, 1989." How could the Department of Defense participate in this National Technology Transfer Center (NTTC) initiative? What cost-sharing measures would be possible across the full services spectrum given the response to questions No. 1 and No. 2?

Representative CHENEY. The DOD did not participate in the preparation of the NASA "Preliminary Definition/Design Study" for the National Technology Transfer Center. DOD only recently received a copy of the NASA study and has not yet completed reviewing it.

It is our understanding that NASA proposes that NASA undertake management of this program, should it be established by law. As a matter of good practice, if NASA is given the program authority, it should also be given the budget authority for the program. It is not advisable to vest program responsibility with one agency (NASA) while requiring another (DOD) to justify and budget for the program.

CERAMICS AND METAL MATRIX COMPOSITES

Senator BYRD. What is the importance to the Department of Defense of ceramic and metal matrix composites as critical materials? In the military, advanced materials are important enabling technologies for many military systems such as the National Aerospace Plane, the Advanced Tactical Fighter, and tactical missiles. It is also clear that advanced materials can play a key role in commercial products such as airplanes, aircraft engines, and industrial machinery. However, a 1988 OTA report entitled "Advanced Materials by Design" states that it is unclear whether the United States will lead the world in commercializing these materials. End user companies in several countries, most notably Japan, have initiated more aggressive programs to commercialize their evolving materials technologies. OTA identifies several key Federal policy objectives to accelerate U.S. commercialization of advanced materials, including government industry collaboration in R&D for low cost materials fabrication and more effective commercial exploitation of military R&D investments. Do you agree with this assessment of the importance of advanced materials to DOD and U.S. competitiveness? And do you support shared risk/shared cost manufacturing technology programs between government and industry in advanced composites materials?

Representative CHENEY. Both ceramics and metal-matrix composites are critical enabling technologies for the National Aerospace Plane, the Advanced Technology

Fighter, the Strategic Defense Initiative, and various tactical and strategic programs. Their development is also key to the commercial aerospace industy, particularly in the gas turbine area.

The Department of Defense has supported shared risk/shared cost manufacturing technology programs at the component or system level, rather than at the advanced composites materials level. However, it is important that we do the best job possible in sharing with the advanced composite material industries information on new and emerging manufacturing technologies applicable to their processes and methods. Also, we would like to see more user-industry/producer-industry cooperation and consortia in the composite materials area which would improve their ability to get R&D advances to the factory floor.

DARPA'S INITIATIVE IN CONCURRENT ENGINEERING

Senator BYRD. What contributions to DOD and U.S. competitiveness will DARPA's Initiative in Concurrent Engineering produce? What is the three year outlook for this program?

Representative CHENEY. The DARPA Initiative in Concurrent Engineering (DICE) project has as its objective the development and demonstration of an information systems architecture allowing for more rapid product design. The goal is to cut in half the time it currently takes to introduce new technologies into critical products. Such a capability would greatly enhance U.S. competitiveness in the defense industrial base. The U.S. defense strategy is based in part upon technological superiority. Thus, it is vital to our national defense interest, as well as to our economic competitiveness, that we establish such manufacturing technologies.

The project was implemented as a one year effort to establish an industrial/university team to address this technology and to develop engineering course curricula for university training. The team involves General Electric, Digital Equipment Company, and Amercial Cimflex with West Virginia University, Carnegie-Mellon University, Rensselar Polytechnic University and North Carolina State University. The capability that is now established will compete for additional manufacturing technology programs in DOD. It is expected that this program will be the basis for several new DARPA programs beginning in fiscal year 1990 in manufacturing technology.

MANUFACTURING TECHNOLOGY AND MARSHALL UNIVERSITY

Senator BYRD. How successful have the Navy, Army, and Air Force Manufacturing Technology (MANTECH) Programs been in reaching the goal of advancing manufacturing technology within the Defense Industrial Base? With regard to the Navy's MANTECH program, how has Marshall University's plan for establishment of a flexible "computer intergrated manufacturing center, or teaching facility," been supported?

Representative CHENEY. The DOD ManTech program has provided many technological and economic success stories which have had a significant impact on the level of manufacturing technology in the industrial base. For example, the development of numerically controlled machine tools, which is now a world wide industry, was largely driven by DOD manufacturing technology investments. Further, a great deal of the original composite technology now being used in military and civilian products, was created through the ManTech program. Also, there have been numerous broad advances in high temperature turbine engines manufacturing technologies as a result of this program.

With regard to Marshall University, the Navy is in the process of awarding a $200,000 study contract which is expected to produce a plan defining the need for a regional teaching facility. The study is scheduled for completion by the end of this fiscal year.

CIVIL AIR PATROL

Senator BYRD. What is the current status and 5-year funding outlook on the following program: Civil Air Patrol (Air Force)?

Representative CHENEY. In addition to the normal baseline funding for Civil Air Patrol (USAF personnel costs, reimbursement to Civil Air Patrol for missions authorized by the USAF, CAP insurance, airlift, etc.), the Air Force has programmed approximately $2.5 million per year to fund the "CAP Supply Bill" authorization. This was reduced from a previous $3 million per year due to budget cuts imposed on the Air Force. The majority of the funding is programmed for aircraft purchases ($1.8 million to $2 million), while the remainder will be used for aircraft/vehicle renovation, cadet uniforms, communications equipment, etc.

SOFTWARE TECHNOLOGY FOR ADAPTABLE RELIABLE SYSTEMS (STARS)

Senator Byrd. What is the current status and 5-year funding outlook on the Software Technology for Adaptable Reliable Systems?

Representative Cheney. This program has as its goal the development of greatly improved methodologies for software production, which is a critical bottleneck in the fielding of major weapons systems. The 5-year funding outlook is as follows (dollars in millions):

Fiscal year:	
1990	13.926
1991	14.6
1992	14.7
1993	15.67
1994	16.0

ADA JOINT PROGRAM OFFICE

Senator Byrd. What is the current status and 5-year funding outlook for the Ada Joint Program Office?

Representative Cheney. The Ada Joint Program Office, which was originally established in 1980, is currently functioning within the Office of the Secretary of Defense under the Deputy Director of Defense Research and Engineering (Research and Advanced Technology).

The 5-year funding outlook for the Ada Joint Program Office is as follows (dollars in thousands):

Fiscal year:	
1990	15,125
1991	12,773
1992	12,002
1993	11,321
1994	11,270

SOFTWARE ENGINEERING INSTITUTE (SEI)

Senator Byrd. What is the current status and 5-year funding outlook on the Software Engineering Institute?

Representative Cheney. The purpose of this Institute, which is located at Carnegie-Mellon University, is to move the best practices in software engineering into the defense industrial base, including those developed in the Software Technology for Adaptable Reliable Systems (STARS) effort. SEI serves as the coordination center for the DARPA Computer Emergency Response Team (CERT), which recently resolved the national computer virus that disrupted computational facilities crucial to DOD and put in place both safeguards against future viruses and established a national team to deal with them. Additionally, the SEI program has already enhanced the process of insertion of new software technologies into several DOD systems. The 5-year funding outlook is as follows (dollars in millions):

Fiscal year:	
1990	18.5
1991	19.0
1992	9.0
1993	10.0
1994	11.0

ADA COMPUTER LANGUAGE

Senator Byrd. Is DOD committed to the Ada computer language for use in all future weapon systems?

Representative Cheney. The DOD commitment is reflected in DOD Directive 3405.2, "Use of Ada in Weapon Systems," dated March 30, 1989, which states that Ada shall be the single, common, high-order programming language, effective immediately, for all new weapon systems during all phases of the life cycle and to major software upgrades of existing weapon systems.

Although provisions exist for issuing waivers from using Ada, full justifications must be provided on the basis of a developmental risk analysis and a complete life-cycle cost analysis.

TERRAIN-TYPE TRAINING BASES

Senator **Byrd**. What major bases do the Marine Corps and Navy (SEALs) have on the east coast for cold weather, mountainous, rough terrain type training?

Representative **Cheney**. Naval Air Station Brunswick, Maine is the only major Navy or Marine base supporting this type of training.

Questions Submitted by Senator William S. Cohen

IMPLEMENTING THE LAW

Senator **Cohen**. Are you committed to seeing the law fully implemented within the Defense Department, and will you support its implementation within the National Security Council?

Representative **Cheney**. I am committed to executing fully and faithfully the laws applicable to DOD activities, including those relating to special operations and low intensity conflict. I will work to implement the law within the Department and through the appropriate NSC mechanisms.

DRUG-SMUGGLING AND INSURGENCY

Senator **Cohen**. First, would you agree that there is no purely military solution to the problems of drug-smuggling and insurgency in the Third World?

Representative **Cheney**. Yes.

Senator **Cohen**. Second, will you support our efforts to establish a mechanism in the National Security Council to ensure that we have effective coordination of our government's efforts to cope with these unconventional threats?

Representative **Cheney**. I strongly support the establishment under the auspices of the NSC of a mechanism to coordinate policy relating to U.S. counternarcotics activities abroad, and support effective use of the NSC Board for low intensity conflict.

Question Submitted by Senator Slade Gorton

UNIFORMED SERVICES TREATMENT FACILITIES (USTF)

Senator **Gorton**. Mr. Cheney, I have an abiding interest in the Department's health affairs programs, particularly the Uniformed Services Treatment Facilities—the USTF's. The late "Scoop" Jackson and I cosponsored an amendment in 1981 with this Committee's approval which designated several former public health services hospitals across the country as USTF's, an authorization which allows these facilities to continue to serve military beneficiaries and their dependents.

Since passage of the Jackson amendment, these facilities have been exceedingly popular and have been extended three times by Congress. The most recent extension was enacted last year and extends the USTF program until the end of 1990.

These hospitals and clinics, including the Pacific Medical Center in Seattle, have consistently out-performed other comparable military health care options. The USTF's have provided high-quality care; they are generally preferred by the military beneficiaries; and DOD's own independent studies and GAO conclude that the USTF's are more cost-effective than CHAMPUS.

Despite the USTF success story, these facilities have not been especially popular with the DOD. But new developments suggest that the USTF's and the Department are starting to work together cooperatively to fashion a long-term relationship. I support this cooperation since the USTF's hold great promise as innovative test beds to improve the delivery of military health care.

Wouldn't you agree with me, Mr. Cheney, that DOD should work cooperatively with the USTFs? And, wouldn't you further agree that given the USTFs documented cost-effectiveness, that they should be integrated permanently into the military health care delivery system?

Representative **Cheney**. Recent in-depth studies of the Uniformed Services Treatment Facilities (USTF) program have concluded the USTF Program is cost effective when compared to fee-for-service care under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The Department stated in September, 1988, and again in its annual report following these reviews to the Senate Armed Services Committee in January, 1989, that DOD would not propose termination of our Agreement with any USTF facility without first certifying that more cost effective medical and dental care for DOD beneficiaries is available elsewhere in the same geographic area. We believe that policy has fostered a cooperative spirit with each of the 10 USTFs. The Department's relationship with the USTFs is an enduring one. The Department also will pursue competitive procurement of health care services when it is necessary to purchase them from the civilian health care community.

The achievements of the USTFs in controlling costs should neither be minimized nor overstated. USTF costs compared favorably to CHAMPUS health care expenditures for 1984–1987, but that is not a guarantee of cost effectiveness for the future. Prior to 1988, CHAMPUS was paying more for hospital and physician care in every part of the country than virtually any health plan in the nation. We have initiated a variety of payment reforms under CHAMPUS, including use of DRG's and placing limits on physician fees, which have already substantially reduced payments to providers and dramatically curtailed annual cost growth from 25 percent per year to 6 percent per year.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR SAM NUNN ON BEHALF OF SENATOR DECONCINI

Questions Submitted by Senator Sam Nunn on behalf of Senator Deconcini

Senator DECONCINI. Do you plan to establish a dedicated anti-drug staff with appropriate law enforcement membership at the Department of Defense? If you do, what will be the function of this staff? Where will it be located? Do you envision law enforcement personnel having an active role on this staff?

Mr. CHENEY. Earlier this week the President met with the Cabinet and emphasized that all Cabinet departments must cooperate fully with Bill Bennett, the Director of National Drug Control Policy, in combatting illegal drugs. If confirmed as Secretary of Defense, I intend to ensure that the Department of Defense carries out the President's instruction. If that requires organizational changes, those changes will be made. The Department will coordinate its anti-drug efforts with the responsible law enforcement agencies through effective liaison arrangements.

Senator DECONCINI. Senator D'Amato and I have recently introduced the Posse Comitatus Improvement Act of 1989. This legislation would further strengthen the role of the Department of Defense in the war on drugs, including a provision that would require the DOD to provide at least 2,000 additional hours of airborne radar surveillance support dedicated to spotting drug smugglers. Another provision included in this bill is a requirement that the Secretary of Defense include a drug interdiction program in the DOD's five-year defense plan.

Are you willing to support an increased role, over and above the role provided in the FY 1989 Defense Authorization Act, for the DOD? Do you believe that drug related programs in the defense budget should be given a long term commitment?

Do you agree with those in Congress who feel changes must be made to the Posse Comitatus Act so that the military can become more involved in drug operations?

Mr. CHENEY. Without a great deal more information about the Department's programs to assist in the fight against illegal drugs, I am not in a position to make commitments to particular courses of action to improve DOD assistance. The Department can be of great assistance in the war against drugs, among other things by furnishing appropriately the drug-related intelligence it collects, supporting air and maritime interdiction of drugs, and providing equipment and training. As the question indicates, it would be helpful if anti-drug programs, and most other programs, were budgeted on a longer term basis. I am not yet in a position to evaluate whether any changes are needed to the Posse Comitatus Act to enable the Department to perform its appropriate anti-drug role. The Department can and must do more to fight drugs. I would point out, however, that it would not be appropriate for military personnel to assume a role in which, for example, members of the armed forces possess and exercise power to arrest civilians. The freedoms of the American people should not be encumbered by a domestic law enforcement function for the armed forces.

Senator DECONCINI. In view of the fact that military involvement in the narcotics program has just been expanded to one of being the lead agency for detection and monitoring, would it not be more cost effective to utilize DOD funds to support and enhance joint U.S. Customs/U.S. Coast Guard C3Is as the focal point of the system?

Mr. CHENEY. I am not yet in a position to evaluate for myself the merits of the proposal to use DOD funds to enhance Customs/Coast Guard facilities. I am advised that Department officials believe that DOD can better perform its lead agency role through DOD facilities, rather than Customs/Coast Guard facilities. This is the type of issue on which the advice and guidance of the Director of National Drug Control Policy will be particularly helpful.

Senator DECONCINI. Do you intend for the law enforcement community to participate in the planning and scheduling process for DOD resources which could be utilized in drug law enforcement?

Would you agree that state and local law enforcement must be included in any type of anti-drug programs that the DOD undertakes because of their critical role in the war on drugs?

Mr. CHENEY. Appropriate consultation with law enforcement agencies makes sense, to ensure maximum efficiency in DOD anti-drug efforts. The Department should take advantage of the experience and expertise of law enforcement authorities in carrying out the Department's anti-drug role.

Senator DECONCINI. The Joint Customs/Coast Guard C3I is scheduled to reach initial operational capability by the end of May this year. In reading your [DOD's] January 1 report to Congress, one could conclude that DOD plans to duplicate this Congressionally directed system with another C3I system and relegate the 3-year development of a drug interdiction C3I program to a lesser role.

Would you explain the operational wisdom and cost effectiveness of such an approach? My concern is that your [DOD's] approach appears to be supporting a DOD unfunded maritime defense zone objective with drug interdiction appropriated funds, in spite of a possible duplication.

Mr. CHENEY. I do not have the information or expertise necessary to explain the operational wisdom and cost of DOD's current plan, but if confirmed I will ensure that the concerns reflected in the question are addressed.

Senator DECONCINI. Given the new role of DOD as lead agency for detection and monitoring, will you encourage the expenditure of some of the $300M in the DOD authorization to purchase additional aerostats to complete the radar detection net along the southern border and the prime transit routes?

Specifically: $23 million for Great Inagua; $3 million for marine enhancements to Cariball I and II; $10 million for relocation of the aerostat at Cape Canaveral to the west coast of Florida; $52 million for aerostats on the Gulf.

Mr. CHENEY. In my judgment, intelligence collection is one of the key areas in which by the Department of Defense can make major contributions to the war against drugs. I am strongly inclined to encourage improvements in DOD sensor arrays in appropriate places along the southern maritime border. I am not yet in a position to express an informed opinion on the specific proposed expenditures mentioned in the question.

Senator DECONCINI. Last year Secretary Carlucci and General Herres testified in joint hearings before this committee and the House Armed Services Committee that if the Customs Service P-3 AEW proved successful, consideration should be given to augmenting that fleet for drug surveillance purposes. Given that a recent GAO study has concluded that the program is, in fact, very successful, what is your position on providing Customs resource support to increase the P-3 AEW fleet?

Mr. CHENEY. As a general matter, it should not be necessary for the Department of Defense to transfer funds to the Treasury Department for the Customs Service to meet Customs resource needs. If the budgeting process works properly, the necessary resources would be allocated directly to the Customs Service, without the need for DOD to function as a funding conduit. As to the proper level of funding for the Customs Service, I must defer to the Secretary of the Treasury and the Director of the Office of Management and Budget.

Senator DECONCINI. Do you intend to spend some of the $300 million contained in the DOD authorization to increase AWACS and E-2C support to law enforcement? Can you tell us how much additional support can be expected? Will this additional support be coordinated with the law enforcement agencies so that maximum effective utilization can be realized at the times and locations of highest threat as identified by the law enforcement agencies?

Mr. CHENEY. I am not yet sufficiently informed to address specific expenditures for airborne early warning support to law enforcement. I would emphasize, however, that effective intelligence support is one of the most important things the Department can do for law enforcement agencies, and I will expect my subordinates who are responsible for these matters to ensure such support.

Senator DECONCINI. Last year's legislation included a provision that allows the National Guard to strengthen its role in drug interdiction and enforcement and provides $40 million to carry out those efforts. The National Guard already has participated in several successful joint drug enforcement programs around the country and views fighting drugs as an added mission. The Guard may just be the best buy the DOD has going when it comes to fighting illegal drugs.

What role do you plan for the Guard in your overall drug strategy? The $40 million will go a long way towards developing joint Guard/law enforcement programs in over 40 states. Do you support and will you provide funding for National Guard anti-drug programs and specifically how much?

Mr. **Cheney**. I have no basis yet for making judgments on specific funding for future National Guard anti-drug efforts. I would encourage the participation of the National Guard in the same types of efforts as the active forces undertake to provide appropriate support to law enforcement agencies.

[Whereupon, at 5:11 p.m., the committee adjourned, subject to the call of the Chair.]

TO VOTE ON THE NOMINATION OF RICHARD B. CHENEY TO BE SECRETARY OF DEFENSE AND TO APPROVE THE ARMED SERVICES COMMITTEE'S RECOMMENDATION TO THE BUDGET COMMITTEE

THURSDAY, MARCH 16, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Byrd, Warner, Thurmond, Wilson, McCain, Wallop, Gorton, Lott, and Coats.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Christine C. Dauth, chief clerk; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: Robert E. Bayer, Robert G. Bell, Sherri W. Goodman, John J. Hamre, William E. Hoehn, Jr., James R. Locher III, David S. Lyles, and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Judith A. Freedman, and Durwood W. Ringo, Jr., professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Leon S. Fuerth, assistant to Senator Gore; Jefferson B. Seabright, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; C. Richard D'Amato, assistant to Senator Byrd; Mark J. Albrecht, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Jack D. Crouch II, assistant to Senator Wallop; and Robert M. Soofer, assistant to Senator Gorton.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order. The committee meets this morning to vote on the nomination of Congressman Richard B. Cheney to be Secretary of Defense. We will also approve, hopefully, the written report to accompany the nomination which is before each member and was provided to all members late yesterday afternoon. I understand from the staff that all members' offices have reviewed the report, but it is my intention to try to get that report, if this nomination is approved this morning, on the desk of every Senator before noon today. That will allow them time to read the report this afternoon before we begin the debate on the floor of the Senate tomorrow.

After the vote we will need to have a brief discussion on another subject but I would urge members to stay here for that, and that is a very important subject, our recommendation from this committee to the Budget Committee as to the levels of defense expenditure that we believe are necessary for the next 3 years. We will have a recommendation to make on that that Senator Warner and I have consulted on and we would seek committee approval on that procedure this morning.

Today's action on the Cheney nomination has been preceded by our normal procedures and reviews. Congressman Cheney and the executive branch submitted all the standard material we require of any nominee. The committee held an open session with Congressman Cheney on his policy views on March 14. Excerpts of these views are included in the committee report which is before each member.

In the financial disclosure area, the committee reviewed Congressman Cheney's public financial disclosure forms for the last 10 years which he had submitted as a Member of Congress. We also reviewed his tax returns for the last 3 years. We received from the Office of Government Ethics and from the general counsel of the Department of Defense the necessary letters we require relating to conflict of interest matters. We questioned the nominee in executive session.

If we approve the nominee and if we accept the report, the committee will conclude that the nominee is in compliance with all the applicable laws and regulations governing conflicts of interest. I certainly believe he has complied and I believe that both the majority counsel and the minority counsel concur that he has complied. I also would submit to the members that the general counsel of the Department of Defense has given us a letter on this as well as the Office of Government Ethics, which is, again, our normal procedure.

As to the FBI report, on March 15 the White House provided the committee with a Summary Memorandum of the background investigation of the nominee by the Federal Bureau of Investigation. This document was reviewed by Senator Warner and by me. We briefed the committee on our findings in executive session.

The committee also received the required letter from the counsel to the President outlining the nature and scope of the background investigation and checks. The committee, if we approve the nomination and if we adopt the report, will be concluding there is nothing in Representative Cheney's background as reflected in the FBI investigation that would render him unfit to serve as Secretary of Defense.

Again, my view is there is nothing in the FBI report that would render him unfit to serve as Secretary of Defense. Senator Warner and I, I believe, concur on that point. We expressed that to the members yesterday.

The committee received a letter which is attached as Appendix 3 to our committee report[1] as has been suggested. This letter was from Representative Cheney's physician concerning his medical condition, particularly concerning his recovery from coronary bypass surgery which was performed on him in the summer of 1988. This letter indicates that Representative Cheney, and quoting from the letter from his doctor, Cheney's "* * * recovery has been excellent and he has been advised to pursue unrestricted professional and recreational objectives." And that, again quoting, "The Representative is presently fit to accept any position requiring the highest intellectual behavior and physical performance."

At the committee's request, more detailed information on Representative Cheney's medical condition was also provided by his physician. In addition, Senator Warner and I, after receiving the nominee's permission, reviewed the medical information with other physicians and briefed the committee in executive session on their findings which were entirely consistent with the public record.

The committee, if we approve the nominee and adopt the report, will conclude there is no medical reason that would preclude Representative Cheney from serving as Secretary of Defense. Again, that is my view and I believe that Senator Warner shares this view.

In terms of qualifications, Congressman Cheney, I believe, is highly qualified to be Secretary of Defense. He has had a distinguished 20 year public career serving in senior leadership positions in both the legislative and executive branches.

Beyond his leadership and management experience, he has substantial expertise in national security and intelligence matters. His high standards of personal conduct and integrity will, in my view, help restore public confidence in the integrity of defense management. He has my strong support and I intend to vote for him for the position of Secretary of Defense.

We will go into more detail in the committee report on all of these matters. At this point I would turn to Senator Warner for any comments he may have.

Senator **WARNER**. Mr. Chairman, I join you in saying that absolutely no special consideration was given by either the chairman or myself in the conduct or the preparation for the hearings of this committee, and to the best of my knowledge no special consideration was given by the committee to this nominee.

We received, on an expeditious basis, the material from the White House and, as you point out, the financial details were minimal, very easy to assess. Most importantly, much of Representative Cheney's personal data had been on public file for a number of years as a result of the reporting requirements of a Member of Congress.

Further, as I look at the dockets, this nominee is handled in about the same period of time as that of Secretary Carlucci. Last, I would characterize the FBI material slightly differently, so we have some disagreement. I would say that the FBI information stated unequivocally that there is no basis for disqualification. To the contrary. It was overwhelmingly composed of reports which were totally supportive of this fine American and stating that he is eminently qualified, in the opinion of all interviewed, to be Secretary of Defense.

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[1] See Senate Executive Report 101-3.

Senator EXON. Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner. Senator Exon.

Senator EXON. Mr. Chairman, let me start out very briefly by saying I want to salute the leadership of the committee, you and Senator Warner, for another job excellently well done. I associate myself completely with the remarks that you both have just made. It has been a very difficult period, the last couple of months, for the Armed Services Committee. There have been many who have second-guessed our motives from time to time, and there certainly was proper grounds for disagreement, but in the end the process has worked. I happen to feel that we also should salute the President for his prompt move to bring about the nomination of Dick Cheney whom I think will do an excellent job in that very important position, and I simply second the remarks that both of you have made and I am looking forward to casting my vote in support of this nominee.

Chairman NUNN. Thank you, Senator Exon. Any other comments? Senator Thurmond.

Senator THURMOND. Mr. Chairman, I wish to associate myself with your remarks and those of the ranking member, Senator Warner. I am deeply impressed with Mr. Cheney, his outstanding leadership, his fine character and high principles, his expertise, and I think the President has made a fine choice and I think we ought to approve him forthwith.

Chairman NUNN. Thank you, Senator Thurmond. Any other comment? Any other questions from members of the committee? Observation? If not, I would recognize Senator Wallop for a motion.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, I am pleased to be here today to cast my vote in favor of Representative Richard Cheney's nomination to be Secretary of Defense.

Mr. Chairman, I am happy to say that Richard Cheney is the right man at the right time for the demanding job of Secretary of Defense. With few previous ties to the defense establishment, I believe Richard Cheney will soon earn the public's confidence that he can spend defense dollars wisely, eliminate scandals, and keep our defense strong.

During questioning by this committee, Mr. Cheney indicated that he is willing to cooperate fully with the Congress, and looks forward to learning the complicated business of defense. He indicated that he is willing to meet with me on acquisition and conventional readiness issues, and I look forward to discussing these matters with him.

Richard Cheney is the new face that I believe Americans have been looking for in a Secretary of Defense. He has demonstrated as chief of staff of the White House, and as a Representative, that he has remarkable judgment on complicated matters, and can solve difficult problems without alienating others.

I believe Richard Cheney will be an excellent Secretary of Defense, and I cast my vote in favor of his nomination.

Thank you, Mr. Chairman.

Senator WALLOP. Thank you, Mr. Chairman. I am pleased to move that the nomination of the Honorable Richard B. Cheney to be Secretary of Defense be favorably reported to the Senate with the recommendation that the Senate should give advice and consent thereto.

Chairman NUNN. Is there a second?

Senator LEVIN. I second it.

Senator THURMOND. Second.

Chairman NUNN. Second by several members, first Senator Levin, Senator Thurmond, Senator Dixon. Let me ask this parliamentary question to the counsel. By passing this are we also passing the report or do we need a separate vote on the report?

Mr. PUNARO. No, sir. We would be approving the report at the same time with this vote.

Chairman NUNN. Do all members understand that we are approving the report to accompany this nomination?

Senator DIXON. May the record stay open for the colleagues who have not arrived in time to vote?

Chairman NUNN. We have several Senators on the way. We will keep the vote open here for another hour to make sure everyone has a chance to record their vote. Do we have a quorum present?

Mr. EFFRON. Yes, sir.

Chairman NUNN. The clerk will call the roll.

Mr. PUNARO. Mr. Exon.

Senator EXON. Aye.

Mr. PUNARO. Mr. Levin.

Senator LEVIN. Aye.

Mr. PUNARO. Mr. KENNEDY.

Senator KENNEDY. Aye.

Mr. PUNARO. Mr. Bingaman.

Senator BINGAMAN. Aye.

Mr. PUNARO. Mr. Dixon.

Senator DIXON. Aye.

Mr. PUNARO. Mr. Glenn.

[No response.]

Mr. PUNARO. Mr. Gore.

Senator GORE. Aye.

Mr. PUNARO. Mr. Wirth.

Senator WIRTH. Aye.

Mr. PUNARO. Mr. Shelby.

Senator SHELBY. Aye.

Mr. PUNARO. Mr. Byrd.

Senator BYRD. Aye.

Mr. PUNARO. Mr. Warner.

Senator WARNER. Aye.

Mr. PUNARO. Mr. Thurmond.

Senator THURMOND. Aye.

Mr. PUNARO. Mr. Cohen.

Senator COHEN. Aye.

Mr. PUNARO. Mr. Wilson.

Senator WILSON. Aye.

Mr. PUNARO. Mr. McCain.

[No response.]

Mr. PUNARO. Mr. Wallop.

Senator WALLOP. Aye.

Mr. PUNARO. Mr. Gorton.

Senator GORTON. Aye.

Mr. PUNARO. Mr. Lott.

[No response.]

Mr. PUNARO. Mr. Coats.

Senator COATS. Aye.

Mr. PUNARO. Mr. Chairman.

Chairman NUNN. Aye.

Mr. PUNARO. On this vote there are 17 ayes and no nays. The motion is agreed to.

Chairman NUNN. We will leave the record open for further votes, and it is my intention, after talking to the majority leader, to have this report on everybody's desk and delivered to everyone's office by noon today so we will be able to take this nomination up, subject to the leadership, hopefully tomorrow morning. I do not think there will be any time limit on the debate tomorrow morning. My understanding right now is that we would start about 10 o'clock. I hope it will not take a long time but we do not have time agreement on it.

At this point I would like to turn to budget matters. As all of you know, the Budget Act requires each committee to submit its views and estimates to the Budget Committee by February 25. Obviously we have been consumed with other matters.

The Budget Committee extended the deadline this year to March 8. If we don't send them our views by the end of this week, our committee views will not be included in the Budget Committee's mark-up package.

I want to make a proposal and I will suggest in advance that we have not had a chance to talk about this. If members choose to delay it, we could delay it and come back here tomorrow and decide at that time. I will certainly understand that because we have not had a chance to focus on it in any kind of depth.

What I would propose—and this is really on behalf of Senator Warner and myself and he can amend this in any way he sees fit, but I believe we have an understanding on this—the Budget Committee requested a 5-year recommendation. However, the Budget Act requires us to submit only a 3-year recommendation. Because the President's budget revision only covers 4 years, we propose to limit our recommendation to the 3-year period 1990 to 1992 required by the Budget Act. We can amend that later as we go along and come up with a 5-year proposal, but we are at a serious disadvantage because we have not received the administration amendment. We do not really have the details of anybody's budget in front of us and we are really stabbing in the dark to a certain degree, but at least we can be somewhat helpful to the Budget Committee with this set of recommendations.

Let me just make two or three points. The committee does not yet have a detailed defense budget from President Bush. The committee's recommendation is based on our defense requirements only and does not take into account other competing budget priorities. We basically would be recommending that we recommend to the Budget Committee the level proposed by President Bush, which would be 0 percent this year, 1 percent next year, and 1 percent the year after.

We would have these caveats. We do not have a detailed defense budget yet. The committee's recommendation is based only on defense. We have not, of course, assessed the overall requirements. We would ask the Budget Committee not to let technical estimating differences in the outlay area drive them to a recommendation that has a mismatch between budget authority and outlays, which is what we always run into.

Finally, we recognize the difficulty of exempting defense from any cuts if the overall budget does not meet the Gramm-Rudman targets. That is essentially what we would be proposing in a letter that Senator Warner and I would both have to sign off on. What it amounts to is we would be endorsing the levels recommended by President Bush with a few caveats, because we have not seen the overall budget.

His level again is 3 year level, 0 percent this year, 1 percent real growth next year, 1 percent the year after. So we are open for discussion. If members do not feel ready to make a decision on this this morning, we can wait. I would suggest that we need to make a recommendation before we leave town.

Senator WARNER. Mr. Chairman, I know of no reluctance on our side. Counsel for the minority, Mr. Tucker, has worked on this with your counsel. So far as I know, you have stated the case accurately. There is precedent for the committee taking this course of action and in such a way as we are stating it here. I recommend that we move.

Senator EXON. Mr. Chairman.

Chairman NUNN. Senator Exon.

Senator THURMOND. I second the motion.

Chairman NUNN. The motion is seconded. We will have discussion. Senator Exon.

Senator EXON. Mr. Chairman, each and every year I have helped carry the recommendations of the committee on which I serve to the Budget Committee and I will be glad to do so this year. I think you are extremely wise in making the suggestion that you have and I hope that it will be passed.

The Budget Committee has an extremely difficult task this year, probably more difficult than ever. My voting for this motion today does not preclude the possibility that we may have to make some changes on that in the Budget Committee.

I would simply remind members of the committee, as the chairman has with his statements, that the thing that we must be certain as far as the national defense of the United States is concerned, is that the sequester under Gramm-Rudman-Hollings does not take place. If that would happen, it would, in my opinion, all but destroy an effective national defense for the United States.

The Budget Committee at the present time, as you know, is in negotiations with the administration. There are so many holes in the budget proposals that have been put up so far that basically they make no sense whatsoever. Given the fact that we on the Budget Committee are going to have to wrestle with this, we are going to continue to try to come to some agreement with the administration. I am hopeful that can be a realistic budget and not one built on smoke and mirrors that would allegedly meet the Gramm-Rudman-Hollings target and still not meet it, which we obviously did last year. That has brought about the extreme pinch that we are under right now.

With those reservations, I hope that we can pass the recommendations that have been made by you and the ranking member.

Chairman NUNN. Thank you very much, Senator Exon. Let me ask whether Senator Glenn, Senator McCain, and Senator Lott would like to be recorded. We have left the record open on the vote. Senator McCain votes aye?

Senator MCCAIN. Aye.

Chairman NUNN. Senator Lott.

Senator LOTT. Aye.

Chairman NUNN. Senator Glenn.

Senator GLENN. Aye.

Chairman NUNN. The clerk will so record. Any other comments? Thank you, Senator Exon. We appreciate your leadership on the budget and I think it is very valuable for you to be a member of both this committee and the Budget Committee. In our letter we will be acknowledging that we do not have the overall parameters, that we are looking at the defense numbers. We recognize the difficulty the Budget Committee faces.

We also, I think, clearly recognize the very grave dangers to the national security of a sequester under Gramm-Rudman. I think that would be the worst case.

Senator WIRTH. Mr. Chairman.

Chairman NUNN. Senator Wirth.

Senator WIRTH. As the other member of the Budget Committee on our side, I would like to reflect on what Senator Exon said and underline the danger of sequester. There is increasing evidence that there is no way in the world that the budget submitted by the administration meets the parameters of what has to be done under Gramm-Rudman-Hollings. With the S&L crises looming and adding to that and a variety of estimates that are totally unrealistic, we may be rapidly approaching either a major change in the budget strategy or sequester.

It seems to me that this committee has major responsibility to assure that sequester doesn't happen, which means that each of us is going to have to think and work with the administration, urging them to redefine what is increasingly an untenable budget situation—an untenable, unrealistic budget proposal.

Chairman NUNN. Senator Wirth, we are delighted you are on that committee, too. This committee, I do think, has a vital stake in trying to avoid sequester. I agree with that completely. We are going to have to be a part of this overall effort.

I talked to Senator Domenici already and also Senator Sasser. Senator Warner, I told Senator Domenici yesterday—and I know that he has talked to you, too—that we would try to have something for them by tomorrow in terms of our recommendation.

Senator WARNER. Mr. Chairman, not only that, but staff on the minority side, and I am sure the majority, are making a contribution and giving some papers to Senator Domenici to try and support his position.

Chairman NUNN. Any other comments on the budget? Is there any disposition on the part of the committee to delay this or are you ready to move on this recommendation from Senator Warner and myself?

Senator EXON. Mr. Chairman, I move—has a motion been made?

Chairman NUNN. I think there has been a motion made by Senator Thurmond.

Senator EXON. I second it.

Chairman NUNN. Motion and a second. Any other discussion?

Senator KENNEDY. Mr. Chairman, I am not quite sure, does this tie us into zero real growth in fiscal year 1990, and then 1 percent in fiscal year 1991, and 1 percent in fiscal year 1992. Is that correct?

Chairman NUNN. That is what we are recommending to the Budget Committee. Of course, the way these procedures always work, this is our initial recommendation. Once we get the budget and once we get in our hearings we will have a more informed opinion. We always have ability to change that opinion, but the Budget Committee asked us for our preliminary assessment.

This one is more preliminary this year than usual because we do not have a budget amendment. So we are going to have to revisit it without any doubt and be able to adjust our recommendation one way or the other. I will call this the first impression kind of recommendation.

Senator KENNEDY. If we are going to vote on that at this particular time, I would be registering in opposition to the zero, one, one increase.

Senator WARNER. I think this corresponds with the President's recommendations for those 3 fiscal years.

Chairman NUNN. That is right.

Senator LEVIN. Mr. Chairman.

Chairman NUNN. Senator Levin.

Senator LEVIN. On that point, however, it does not endorse the entire Bush budget. It has caveats. It would allow us to interpret it in our own fashion.

Chairman NUNN. That is correct. The entire budget does not meet Gramm-Rudman targets in the outyears, and we are caveating that. We are saying we have not reviewed that, and we are also saying we know the Budget Committee has to review those matters that are beyond our scope.

Senator LEVIN. The caveats are the most important part of the letter.

Chairman NUNN. They will be in there.

Senator EXON. Just a word of caution to my colleagues with whom I have worked very closely with on these matters over the years. Historically, the Strategic Subcommittee's jurisdiction and the budget contained therein has been looked at with covetous eyes by the members of other subcommittees as a repository of all of the wealth. This chairman, on numerous occasions, has indicated that probably we had more money in the Strategic Subcommittee than absolutely necessary when we get down to the matter of trying to decide what the priorities are.

I see that as not a possibility in this particular budget year. Therefore, I would caution all to not assume that there will be the "bundle of cash" in the Strategic Subcommittee as has customarily been looked to to fund all other necessary programs.

Chairman NUNN. I think we understand your point, Senator Exon. Does anybody want a rollcall vote on this one?

Senator LEVIN. Senator Exon has raised a point. As I understand it, by approving this letter, we are approving the entire letter?

Chairman NUNN. We are approving the point paper. The letter will be drafted.

Senator LEVIN. We are approving that point paper, not just any piece of it, but the entire point paper.

Chairman NUNN. Correct.

Senator LEVIN. We are not thereby approving any subcommittee budget even tentatively? This is the entire number that is part of a bigger package.

Chairman NUNN. We are approving the overall numbers recommended by President Bush subject to a number of caveats and subject to Senator Exon's timely warning that his Strategic Subcommittee is not going to be the Santa Claus for everybody else.

Senator LEVIN. I would add to that warning that he still looks like Santa Claus to us. [Laughter.]

Chairman NUNN. Any other discussion? Does anybody want a rollcall? Ted, do you want a rollcall on this one?

Senator KENNEDY. No.

Chairman NUNN. All in favor of the motion signify by saying aye.

[A chorus of ayes.]

Chairman NUNN. Opposed?

Senator KENNEDY. No.

Chairman NUNN. The ayes have it and the letter will be so prepared. I thank everyone, and we will be on the floor tomorrow morning.

[The point paper referred to by Senator Nunn follows:]

TALKING POINTS ON VIEWS AND ESTIMATES LETTER

1. The Congressional Budget Act requires each committee to submit its views and estimates to the Budget Committee by February 25.

The Budget Committee extended the deadline this year to March 8. If we do not send them our views by the end of this week our committee's views will not be included in the Budget Committee's markup package.

I propose to follow our practice of authorizing Senator Warner and I to send a letter to the Budget Committee with the following broad points:

2. The Budget Committee requested a five-year recommendation.

However, the Budget Act requires us to submit only a three-year recommendation. Because the President's budget revision only covers four years, we propose to limit our recommendation to the three-year period FY1990–FY1992 required by the Budget Act.

3. We propose to endorse the total level of funding requested by President Bush and make certain points:

The Committee does not yet have a detailed defense budget from President Bush.

The Committee's recommendation is based on our defense requirements only and does not take other competing budget priorities into account.

We would ask the Budget Committee not to let technical estimating differences in the outlay area drive them to a recommendation that has a mismatch between budget authority and outlays.

We recognize the difficulty of exempting defense from any cuts if the overall budget does not meet the Gramm-Rudman-Hollings targets.

4. President Bush is requesting the following amounts (dollars in billions) for National Defense (the numbers are still not definite as OMB is still uncertain as to

how much of the increase in funds will come out of other DOE programs—the difference is in the $0.2 billion per year range):

	Fiscal year—		
	1990	1991	1992
Budget authority	$309.2	$321.2	$332.5
Outlays	300.6	308.8	317.2

[Whereupon, at 9:55 a.m., the committee was adjourned.]

[The nomination of Richard B. Cheney was reported to the Senate by Senator Sam Nunn on March 16, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on March 17, 1989.]

97-611 O—90——4

NOMINATION OF DONALD J. ATWOOD TO BE DEPUTY SECRETARY OF DEFENSE

WEDNESDAY, APRIL 5, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:37 p.m., Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Dixon, Glenn, Warner, Thurmond, Wilson, McCain, Gorton, Lott, and Coats.

Other Senators present: Senator Lugar.

Committee staff members present: Arnold L. Punaro, staff director; and Andrew S. Effron, general counsel.

Professional staff members present: John J. Hamre, James R. Locher III, David S. Lyles, Michael J. McCord, and Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Brian D. Dailey, George W. Laufer, Durwood W. Ringo, and Mark B. Robinson, professional staff members.

Staff assistants present: Barbara L. Braucht and Barbara Gallo.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; Christopher K. Mellon, assistant to Senator Cohen; Anthony H. Cordesman, assistant to Senator McCain; Robert M. Soofer, assistant to Senator Gorton; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The committee meets this afternoon to consider the nomination of Mr. Donald J. Atwood to serve as Deputy Secretary of Defense.

On behalf of the nominee, I extend a warm welcome. Also, on behalf of the committee, I extend a warm welcome to the nominee's entire family and I would like, Mr. Atwood, if you would, to have your family be recognized.

I believe you have your wife, Sue, here. If she will stand; and daughter Susan and son Jesse.

If you will all stand. We are delighted to have you here this afternoon.

In addition, I want to recognize the special guests of Mr. Atwood, and a longstanding friend of mine, and a member of the Cabinet in the former administration, Attorney General Griffin Bell.

Griffin, we are delighted to have you here today.

Traditionally, the Deputy Secretary of Defense has been assigned responsibility for the internal management and operation of the Department of Defense. Moreover, the Deputy Secretary has full power to act for the Secretary of Defense in his absence, or at his direction.

As we all know, given the vast responsibilities of this second most senior position in the Department of Defense, this nomination is extremely important.

Mr. Atwood has a distinguished career in private enterprise, primarily with the General Motors Corp. Most recently, the nominee served as vice chairman of General Motors' board of directors, and concurrently is president of two subsidiaries, G.M. Hughes Electronics Corp., and Delco Electronics Corp.

Mr. Atwood's extensive corporate management experience has been cited as one of the principal reasons for his selection by President Bush for this important Defense position.

Given this background, the committee will certainly be interested in Mr. Atwood's views on Pentagon management and the initiatives we need to correct the problems that exist today. In this regard, yesterday, Mr. Atwood submitted written answers to 15 questions on defense management and operation that I had forwarded to him. I appreciate the time and attention you gave the answers to these questions, Mr. Atwood.

This submission was made available to committee members as soon as we received it, and certainly committee members may want to explore these questions in more detail with the nominee during this hearing.

Without objection, I would like for those questions and answers to be part of the record.

[The information referred to follows the hearing record.]

Chairman NUNN. The committee has received all required documents from the nominee, including the following standard documents concerning conflicts of interest: Mr. Atwood's letter to the committee chairman, his completed committee questionnaire, and his SF-278 financial disclosure report, and related letters from the Director of the Office of Government Ethics and the acting general counsel of the Department of Defense.

These documents have been reviewed by the committee staff, the staff director as well as the general counsel. They have concluded that Mr. Atwood has taken the necessary steps to insure that he does not have a conflict of interest or the appearance of a conflict of interest for the position of Deputy Secretary of Defense.

It is my understanding that the counsel for the minority also shares those views.

We have also received the required letter from the counsel to the President, detailing the scope of the background investigation.

Senator Warner and I have reviewed the FBI materials. We have concluded that there is nothing in Mr. Atwood's background, as reflected in the FBI materials, that would render Mr. Atwood unfit to serve as Deputy Secretary of Defense.

Mr. Atwood, as you are probably already aware, the management challenges that you will face in the Department of Defense, if you are confirmed as Deputy Secretary, are formidable.

These challenges, as I see them, include, but certainly are not limited to, restoring public confidence in the quality and integrity of defense management, which, of course, we have discussed; restructuring the defense budget in the context of strategic priorities in the long-range fiscal realities we face as a Nation; reformulating U.S. military strategy and strengthening the strategic planning process, and I know the administration already has a review underway; reviewing our strategy now, which the Defense Department will be very much a part of, and forging a consensus on the pace and direction of key defense programs, such as strategic forces modernization, but there are a number of such programs that go beyond the strategic nuclear forces.

And also, effectively implementing defense reforms, especially in the acquisition process. Of course, this committee continues to be very interested in the progress on implementing the Goldwater-Nichols Reorganization Act, which has been put on the books in recent years.

The committee will look forward to working closely with you and Secretary Cheney in the search for effective solutions to these and other defense management problems, assuming you are confirmed by the Senate.

In a moment, we will hear from our two distinguished Senators that will be introducing Mr. Atwood, but before I call on them, Senator Warner, I welcome any comments you have.

Senator WARNER. Thank you very much, Mr. Chairman.

In looking at this distinguished nominee, I recall 20 years ago this month, I guess it was February, when I had the privilege of going to the Department of Defense and serving with Melvin Laird, who had come from the House of Representatives, and David Packard, who had come from industry.

And now we have, I believe, the beginnings of a new Laird-Packard team, which was one of the most successful teams in the history of the Department of Defense, in every respect.

You have many challenges before you, as the chairman said. Your previous record of performance in the private sector has shown that you are up to these challenges. I am aware of the very significant financial sacrifices that you are being asked to make, again, much like David Packard did in order to take on these new challenges in the public sector.

I thank you as a citizen of the United States for your willingness to make those personal sacrifices in order to be of service to me and other citizens of our country.

It is my hope that we in Congress, and specifically, this committee, will soon focus on the issues which result in individuals such as yourself, often having to suffer major financial losses in order to enter public service. If we do not face up to those issues, I am afraid that before long, we may not be able to find people of your stature and experience who are willing to fill the important position in the Department of Defense.

The chairman and I, as you know, have expressed our views to President Bush. We indicated very clearly our strong feeling that a position such as the one that you are about to accept requires an individual, man or woman, with extensive background in management.

And consequently, in gaining that background, many have the opportunity to accumulate a modest fortune, which should not be put at risk because of your willingness to step up and take on public service.

So, again, I thank you for the willingness to serve the Nation, and to take on the job of Deputy Secretary of Defense. You will have my support.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Warner.

We have here today, two very distingished Senators, one a member of our committee. Senator Levin has deferred to Senator Lugar to begin, because Senator Lugar will be making a statement of introduction and then going on to his other many duties.

Senator Lugar, we are very delighted to have you here. We have worked with you for a long time on defense and foreign policy matters, and we would be pleased to have your comments about the nominee.

STATEMENT OF HON. RICHARD LUGAR, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator LUGAR. I thank you, Mr. Chairman. I am honored to be with this committee today to help my colleague from Michigan to introduce a very dear friend, and I believe a very distinguished nominee.

Don Atwood spent 8 years in Indiana, over half of that time in Indianapolis. Our friendship comes from those very special years when I served as mayor of that city.

Don, as manager of our foremost industrial capacity, the Allison Division of General Motors, was very instrumental at a time, particularly in the early 1970s, of potential racial and sociological unrest, the formulation of new governmental reorganization in our city, and the attack upon very difficult problems which still face inner cities in our country: unemployment, the problems of equal opportunity.

I speak to those issues to begin with because this is a gentleman who increased employment in our town very substantially. And much will be said, and truthfully, about his industrial capacity.

But, he's a human being of rare sensitivity, and of very great political acumen, when the chips were down and important bipartisan decisions were being made to save the core of our city, and led to substantial unity and expansion from that point thereafter.

Don, prior to that time, served with honors in the Army during World War II. After graduation from MIT with a master's degree, he began his own company. He came into the General Motors family in 1959 when General Motors acquired that company.

With his scientific expertise, his engineering background, his business and managerial acumen, he moved steadily through the ranks over the years at General Motors to become vice chairman of the board.

During that career, he played a special role in developing the Apollo guidance system, contributed many patents in the fields of inertial guidance and navigation, was a central player in crafting a proposal and heading a team that helped get an American to the Moon and back.

Over the years he has initiated innovative radio and electronics programs which have helped to keep General Motors a national and international business competitive leader.

Not only has he had an outstanding career at General Motors, but he has been a leader, as I pointed out, in community service.

During our years in Indianapolis, he served on the Mayor's Progress Committee, which I chaired, spearheaded a key hospital fund drive, and played a leading role in promoting minority opportunities in the greater Indianapolis area at the Allison Division of General Motors.

And he devoted valuable time and energy to encouraging our Nation's youth to study science. He is a member of the National Executive Board of the Boy Scouts of America. He is a man who came from modest, small-town beginnings, but his achievements have been anything but modest.

His personality, his career experiences, his skill, make him well-qualified to be the Deputy Secretary of Defense. He has served as vice chairman of the board of General Motors, president of Delco Electronics Corp., president of the high tech conglomerate of GM-Hughes Electronics.

Don Atwood is an engineer, a scientist, a manager, an inventor, a thinker, a producer, an entrepreneur, a problem solver, a doer, and much more.

He has always impressed me with his soft-spoken manner, his willingness to listen, and his ability to make decisions when they have to be made.

Don Atwood and Dick Cheney, in my judgment, are an excellent choice, and I commend the President for these nominations.

I believe that the President and the American people will be well served by this appointment. And I hope the committee will choose to confirm Don Atwood and put his very considerable talents to work in the Department of Defense promptly.

I thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Lugar. We appreciate you being here now. We would welcome you to remain as long as you can, but we also know you have a lot of other duties to attend to.

Senator LUGAR. I will ask to be excused.

Chairman NUNN. We appreciate you being here.

We are honored to have one of our own most valuable members, Senator Levin, who will now give his words of introduction.

Senator Levin, I know, has been acquainted with Mr. Atwood and a friend for a long time. And I am told that Senator Levin has a remote but longstanding interest in Mr. Atwood's former employer, General Motors. I am not sure what that connection is, but we will find out, I am sure.

Senator Levin.

Senator LEVIN. It is fully disclosed in my annual disclosure statement, Mr. Chairman. Unhappily, I own no stock in General Motors.

It is a pleasure to introduce Don Atwood this afternoon to the committee, and I'm also pleased that Senator Dick Lugar could join us.

I consider the nomination of Don Atwood nothing less than a brilliant stroke on the part of the Bush administration. He will bring to the Pentagon his proven and superb managerial skills. He has demonstrated his ability over the years at General Motors, where he is the executive vice chairman.

Don has been a part of GM for many years. He has served as the group executive in charge of the General Motors' Worldwide Truck and Bus Group, and also was the architect of the 1986 General Motors-Hughes Electronics merger.

Before his current tenure at GM, he led the effort, as Senator Lugar has mentioned, to build and develop, along with the Massachusetts Institute of Technology, the guidance system for the Apollo project.

Mr. Chairman, and fellow members of this committee, anybody who can master the General Motors bureaucracy at least has a fighting chance at the Pentagon. GM is a massive organization, and Don Atwood has mastered it.

He brings the management skills, leadership skills, and the highest personal characteristics to this job.

He also brings along his concerns about the American position in engineering and science. He has been very much interested in this issue as an engineer and scientist himself.

He also happens to be a nice guy, the kind of a person that people like. And I believe that one of the sources of his ability to lead has been his ability to motivate by being a genuinely likable person.

People follow him because they like him. When it is necessary to exert strength he does it. But, for the most part, he has been able to lead the kind of efforts that he has through the power of example, and by listening to people, and trying to reach a consensus.

So, his management skills, engineering and science expertise, concerns about our industrial base, deep belief in American technology, and likable personality are attributes that Don will bring to his position at the Pentagon.

And I truly welcome the opportunity to sit next to him and to introduce him to this committee.

Chairman NUNN. Thank you very much, Senator Levin.

We appreciate your introduction.

Mr. Atwood, we are again pleased to have you here. If you would like to make any kind of opening statement, we would welcome that before we get to questions.

STATEMENT OF DONALD J. ATWOOD, VICE CHAIRMAN, BOARD OF DIRECTORS, GENERAL MOTORS CORP. AND DEPUTY SECRETARY OF DEFENSE—DESIGNATE

Mr. ATWOOD. Thank you, Mr. Chairman. I have a brief opening statement, which I might read.

Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you today as the President's nominee to be Deputy Secretary of Defense. I consider it a great honor that the President has nominated me, and that this committee and the Senate are considering me for this important position.

I look forward, if confirmed, to serving President Bush and Secretary Cheney, and to working with you and your colleagues in the Congress to insure that the Nation has the most effective and efficient national defense possible.

The Bush administration inherits a strong national defense. We intend to maintain and expand that strength, always mindful that we are spending the scarce, hard-earned dollars of the American taxpayer.

A strong national defense and steady progress toward a balanced budget, I believe are compatible national objectives, if Congress and the executive branch work together to tailor the U.S. Armed Forces to the requirements of our national strategy, and, furthermore, to increase the efficiency in these defense efforts.

We intend to build a strong team at the Pentagon to improve the national defense. If confirmed, I will assist Secretary Cheney in carrying out the most important task of a Secretary of Defense, namely, earning and keeping the American people's confidence in the leaders of the Nation's defense establishment.

In his address to the joint session of Congress on February 9, the President charged the Department of Defense to review and recommend improvements in departmental management and procurement, including implementation of the Packard Commission reforms.

That progress is moving forward.

The administration also has underway a review of the national security strategy and an examination of the forces necessary to implement that strategy.

Of most immediate concern, the Defense Resources Board is now considering the planning, programming and budgeting issues involved in the budget amendment that the administration will submit to Congress at the end of the month.

The Presidentially directed reviews, and the Defense Resources Board process will assist in making major decisions that Congress and the administration will face in the coming months: Improvements in the defense acquisition process, progress in arms reduction, modernization of U.S. strategic and conventional forces, and the potential for strategic defenses, to name but a few.

I would emphasize that these are national concerns and not merely departmental concerns. The foundation and execution of decisions on these and other critical issues affecting the national defense will require extremely close coordination among those responsible for diplomatic, military and intelligence matters.

If confirmed as Deputy Secretary, I will assist the Secretary in insuring that the Department of Defense actions reflect the requirements of an integrated national policy.

The success of national policy in the coming years will require, to a greater degree than ever before, an effective partnership between the executive branch and Congress.

The President has emphasized that his administration will work closely with Congress to build bipartisanship in national affairs.

I look forward to working with you on defense issues to help carry out that promise.

With our common commitment and hard work, we will provide the Nation with the Armed Forces necessary to defend the American people and American interests around the globe.

I would be pleased to answer any questions that the committee might have.

[The statement of Mr. Atwood follows:]

PREPARED STATEMENT OF DONALD J. ATWOOD, DEPUTY SECRETARY OF DEFENSE-DESIGNATE

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today as the President's nominee to be Deputy Secretary of Defense. It is a great honor that the President nominated me and the Senate is considering me for this important position.

I look forward, if confirmed, to serving President Bush and Secretary Cheney, and to working with you and your colleagues in the Congress to ensure that the Nation has the most effective and efficient national defense possible. The Bush administration inherits a strong national defense. We intend to maintain and expand that strength, always mindful that we are spending the scarce, hard-earned dollars of the American taxpayer. A strong national defense and steady progress toward a balanced budget are compatible national objectives, if Congress and the executive branch work together to tailor the U.S. Armed Forces to the requirements of our national strategy, and to increase efficiency in defense activities.

We intend to build a strong team in the Pentagon to improve the national defense. I will assist Secretary Cheney in carrying out the most important task of a Secretary of Defense—earning and keeping the American people's confidence in the leaders of the Nation's defense establishment.

In his address to the Joint Session of Congress on February 9, the President charged the Department of Defense to review and recommend improvements in departmental management and procurement, including implemetation of the Packard Commission reforms. That process is moving forward. The administration also has underway a review of the national security strategy and an examination of the forces necessary to implement that strategy. Of most immediate concern, the Defense Resources Board is now considering the planning, programming, and budgeting issues involved in the budget amendment that the administration will submit at the end of the month.

The Presidentially-directed reviews and the Defense Resources Board process will assist in making major decisions that Congress and the administration will face in the coming months—improvement of the defense acquisition process; progress in arms reductions; modernization of U.S. strategic and conventional forces; and the potential for strategic defenses, to name but a few.

I would emphasize that these are national concerns, and not merely departmental concerns. The formulation and execution of decisions on these and other critical issues affecting the national defense will require extremely close coordination among those responsible for diplomatic, military, and intelligence matters. If confirmed as Deputy Secretary, I will assist the Secretary in ensuring that Department of Defense actions reflect the requirements of an integrated national policy.

The success of national policy in the coming years will require, to a greater degree than ever before, an effective partnership between the executive branch and the Congress. The President has emphasized that his administration will work closely with the Congress to build bipartisanship in national affairs. I look forward to working with you on defense issues to help carry out the President's promise.

With our common commitment and hard work, we will provide the Nation with the Armed Forces needed to defend the American people and American interests around the globe.

I would be pleased to answer any questions the committee may have.

Chairman NUNN. Thank you, Mr. Atwood.

We will use the normal time. Senator Dixon, I know you have another meeting. Would you like to take my turn and I will take yours when it comes up?

Senator DIXON. If I could, Mr. Chairman, I would greatly appreciate it.

Chairman NUNN. I know you are working on the savings and loan problem.

Senator DIXON. Yes. We are in markup on the thrift question right now in Senator Riegle's office, doing the preliminary work. And if I could do this and leave, I would greatly appreciate it.

Chairman NUNN. Why do you not take my time and I will take yours when it comes.

Senator DIXON. That is very kind of you.

Mr. Atwood, may I say that I am very impressed with your reputation, with your background in business, with the company you keep, both with Republican and Democratic Senators, and with your attorney Judge Bell, who is a man of outstanding reputation and highly regarded by all of us here in the Senate.

Let me tell you candidly, because I would like to have an exchange, perhaps at the staff level, or perhaps necessarily with you, that I have problems with your answers to one of the questions. And I would like to discuss that with you very openly, and here in the presence of the committee, particularly since it has been my belief in the past that my distinguished colleague from Michigan, generally, shared my view about this subject matter.

In the questions that Senator Nunn sent to you, Question 9, "Packard Commission's Acquisition Reforms," our distinguished chairman says:

> There has been considerable concern about the relationship between the Under Secretary of Defense for Acquisition and the Deputy Secretary of Defense. In light of the Packard Commission's recommendations, recent legislative changes, and your own management philosophy, what do you see as the relative roles and substantive responsibilities of the Deputy Secretary and the Under Secretary for Acquisition with respect to the relationship of each to: (1) the Secretary of Defense; (2) the service Secretaries; and (3) the Service Acquisition Executives? How do your views compare with the basic philosophy of the Packard Commission's acquisition reforms?

Your answer is as follows, and I quote:

> One of the first requirements of effective management is clear lines of responsibility and authority, so that individuals can be properly held accountable for their performance. The departmental lines of responsibility and authority will be clear and will flow from the Secretary, to the Deputy Secretary, to the Under Secretary for Acquisition.

I take exception at that point, first, Mr. Atwood.

And then, further:

> The Under Secretary for Acquisition will work with the Secretaries of the Military Departments and their Service Acquisition Executives to ensure that the acquisition policies are followed and that the process works efficiently.

And I take exception to that, Mr. Atwood.

And finally:

> This approach is consistent with applicable law and the Packard Commission's recommendations.

And I must say I take exception to that.

Now, I tell you why I say this, Mr. Atwood. This is the legislation setting up the Under Secretary of Defense for Acquisition. It was my amendment to the Department of Defense Reorganization Act.

At that time it was terribly controversial, frankly. Ultimately, we resolved the issue. The amendment was adopted.

Thereafter, the first Under Secretary of Defense for Acquisition, Mr. Godwin, had a very unpleasant experience in the Department of Defense.

Our information, I think, is fairly clear that Mr. Costello from time to time has had trouble with vetoes of some of his policy decisions, and I must tell you, sir, that it is at least the perception of this Senator but, I would assert, of many in the country as well, that most of our problems now are acquisition and procurement problems. The whole "Ill Wind" scandal, all the problems we have had, a lot of the contentiousness involved, the confirmation questions about former Senator Tower, touched on those things.

Now, for instance, with respect to the service Secretaries, the law is clear. The access, the authority to direct—now, this talks about the authority of the Under Secretary of Defense for Acquisition—the authority to direct the Secretaries of the military departments and the heads and so forth is his. Not working with them, directing them. And may I say for this Senator, that is critical. Some of the things that have happened over there, the duplications, the competitive spirit between the branches of the services, a lot of the abuses that have occurred over there are because of the fact that some of them have this idea that they are authorities unto themselves.

I do not mean this critical of you. You understand that. But what I would like to have, may I say, Mr. Atwood, before I am asked to cast my vote, because I certainly want to vote for you, is a better understanding of exactly how you and I view this and whether we are as one about this.

We have been through this several times since we passed the bill. I am going to introduce legislation again this year to clarify it although some, including my friend from Michigan, have suggested we do not need it, but every time that we revisit this question we have this problem. And I do have problems with your answer here.

I do not expect you to make a full response now because I would like to discuss it with you. I am not trying to put you on the spot, incidentally. I am trying to find an understanding about how we can see this thing in the same light.

Mr. ATWOOD. I would agree that your question is very deep and very studied. If I might take just a moment and say that at the very outset, the President in his February 9 address, asked that we address, among other things, a detailed study of the management practices and procedures within the Pentagon. And we have undertaken such a study. It will be drawing to a conclusion within the next month to 45 days.

And this study includes a review of the organizational structure and the personnel responsibilities within the Department. Any answer I give you at this point would be premature pending the completion of that study.

However, let me take just a moment and trace the history of the relationships between the Under Secretary for Acquisition and the

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Secretaries of the services, and the Deputy Secretary. After a rather turbulent start, in which the feeling was that Secretary Godwin would in essence have direct line responsiblity for all acquisition, he apparently was not supported by those above him. This lack of support resulted in his leaving.

Mr. Costello took over that responsibility and evolved a working relationship which may or may not be the best, but it at least has functioned fairly well. I commend Mr. Costello for what he has done.

The organization has evolved into a matrix-type structure. This organization is not unique and is one that has been patterned throughout industry in many cases.

The actual management of military programs is conducted by program managers who are within the service organizations. In other words, they have a responsibility within the Air Force, Army, or Navy. The program managers, in turn, report to a program executive officer within the same department. They, in turn, report to an acquisition executive within the same department.

The acquisition executive has a dual responsibility; first, to the Secretary of the service and second, to the Under Secretary for Acquisition. In this regard, there are two hats that the acquisition executive must wear. He is part of the service organization and, therefore, has at his disposal all of the input which would be required from the users. But his responsibility to the Under Secretary for Acquisition ensures uniformity of acquisition policies and procedures. It is up to the Under Secretary for Acquisition to monitor that those are followed and that they are standard among the Air Force, the Army, and the Navy.

The acquisition process includes the establishment of requirements by the Joint Services. This is chaired by the Vice Chairman of the Joint Chiefs of Staff. The process also includes a review by the Defense Acquisition Board which is chaired by the Under Secretary for Acquisition. In a manner not dissimilar from that of Congress or any industrial organization, funding is obtained only from the Defense Resources Board which is chaired by the Deputy Secretary of Defense. So, we have the Deputy Secretary of Defense over the Defense Resources Board. We have the Under Secretary for Acquisition responsible for the Defense Acquisition Board. The Vice Chairman of the Joint Chiefs responsible for the Joint Requirements Oversight Council, and the management within the services responsible for the programs.

I know at first glance it sounds like a very complicated organizational structure, but it is one that has worked reasonably well. We are studying this structure to see if, in fact, we should change it and what form the change should take. We will be coming out with our report within the next 45 days.

I would be pleased to sit down with you and talk about your views anytime at your convenience.

Senator Dixon. Well, I would like very much to do that. Regrettably, my time has expired to pursue this at greater length with you, Mr. Atwood.

I would ask you to consult with Judge Bell and others that you would consult with about the clear intention of the language of this section of the statute on the Under Secretary of Defense for Acquisition which says very simply there is an Under Secretary of Defense for Acquisition appointed from civilian life by the President, by and with the advice and consent of the Senate and so forth.

The Under Secretary shall be appointed from among persons with extensive management background. Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary of Defense for Acquisition shall perform certain duties which are then enumerated, one of which is the authority to direct the Secretaries of the military departments.

It was our intention to say that. That is the point I want to make. It was our intention to say that, and it is our intention to make that the reality of life in the Department of Defense. And I will pursue assiduously that goal as long as I have the good luck to be around here. So, I would like to discuss that with you at some length, if you would give me the time, please, before such time as I am called upon to make my decision in this confirmation process.

Mr. ATWOOD. I would be pleased to, and could I add just one sentence to that. The Secretary delegates to the Deputy Secretary those functions which he wants him to perform. In this case he has delegated to the Deputy Secretary the responsibilities in acquisition which he has.

Chairman NUNN. Thank you, Senator Dixon.

Senator DIXON. Thank you, Mr. Chairman, I appreciate the courtesy of my colleagues.

[The prepared statement of Senator Alan J. Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today we will consider the nomination of Donald J. Atwood to be Deputy Secretary of Defense.

I have reviewed Mr. Atwood's business background and find that he possesses an excellent background in managing large corporations. I do have some reservations regarding the problems that Hughes Aircraft Co. is having at the present time with the Defense Department and what, if any, responsibility Mr. Atwood had in that connection.

I, also, have problems with the answer Mr. Atwood gave to Senator Nunn regarding his views on the relative roles and substantive responsibilities of the Deputy Secretary and the Under Secretary for Acquisition. Mr. Atwood said that "effective management is clear lines of responsibility and authority, so that individuals can be held accountable for their performance . . ." I agree with Mr. Atwood, but where we differ is his further statement that "the Department lines of responsibility will be clear and will flow from the Secretary, to the Deputy Secretary, to the Under Secretary for Acquisition." Mr. Chairman, I have heard that before and I believed it! But, Mr. Chairman, fool me once, shame on you, fool me twice, shame on me. I've heard, basically, the same statements from the previous administration. What I'm afraid I hear Mr. Atwood saying is that we are going to have business as usual regarding the procurement process.

Mr. Atwood is wrong. We must centralize authority and responsibility for the procurement process in a single office. Mr. Chairman, I am introducing legislation in the next few days which will strengthen the role of the Under Secretary of Defense for Acquisition and make him a true procurement and acquisition czar. This legislation will centralize complete procurement authority in the Under Secretary of Defense for Acquisition. Mr. Atwood has indicated that he believes the Under Secretary for Acquisition will work with the Secretaries of the military departments and their service acquisition executives to ensure that the acquisition policies are followed and that the process works efficiently. Mr. Chairman, the Under Secretary of Defense for Acquisition powers should not be subjected to the whims of the service Secretaries or the Deputy Secretary of Defense, for that matter, as to procurement and acquisitions authority.

I look forward to hearing Mr. Atwood's views on the role of the Undersecretary of Defense for Acquisition, as well as on other defense areas.

But I want Mr. Atwood and everyone else to understand my very deep concern that the Pentagon still isn't listening to the message from Congress. The key word is acquisition. Is that so tough to comprehend? We want the acquisition process cleaned up. The citizens of this country are demanding we get rid of waste and fraud at the Pentagon. My question to Mr. Atwood—indeed, my question to the Secretary of Defense—is this: Is anybody listening to Congress? Is anybody over there across the Potomac listening to the people of this country? How much louder do we have to yell?

Thank you Mr. Chairman.

Chairman NUNN. Save some money for defense out of that savings and loan business, will you.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Mr. Atwood, on February 9, President Bush announced his revised budget plan for the fiscal year 1990–1993 period and directed your Department to revise the defense budget to accommodate a reduction of approximately $6 billion. That was from the January budget submission.

Could you brief us on the progress that has been made to date in this effort?

Mr. ATWOOD. Yes. As you know, because of the period involved in which the new Secretary of Defense and new Deputy Secretary of Defense were waiting for confirmation, this action had to be started by Deputy Secretary Taft, who was in place.

The first thing I should say is that Secretary Taft has done an outstanding job in bringing all of us, even though we were only designates, into his planning and allowing us to participate as listeners in all of his meetings. That is why I feel confident of what he has done.

He designated to each of the services a pro rata share of the reduction in budget money. This came about after discussions with each one of them as to what could reasonably be accomplished.

Senator WARNER. That is interesting. Pro rata. In other words, equal sums.

Mr. ATWOOD. No. I should have said he designated to each one of the services an amount of money which he wanted them to work toward in reducing their budgets.

Senator WARNER. And those sums differed?

Mr. ATWOOD. They differed, that is correct.

They, in turn, responded with recommended cuts that would come as close as they could to accomplishing those reductions. Those reductions would reduce the budget in total from the 2 percent "Reagan budget" to a budget of zero growth.

Senator WARNER. Did guidance accompany those figures to the extent that you would look at force reduction or program reduction or operation reduction or would the Secretary have a free hand?

Mr. ATWOOD. I was not in on everything that transpired, but I believe the Secretaries have a free hand in recommending what they feel is best.

Senator WARNER. Would there not be a written directive? And did you not see that?

Mr. ATWOOD. The only directive I saw was a financial one.

The service Secretaries then submitted to Secretary Taft their recommendations for force changes and program changes. Those proposals were accumulated within the Office of the Assistant Secretary for Program Analysis and Evaluation and the Comptroller.

Secretary Taft then established a system whereby he sent all of that data out to the Commanders in Chief of the Unified and Specified Commands, and asked for their comments.

He also sent all of the data back in total to each of the three services and established a series of meetings whereby they would have an opportunity to discuss them.

Senator WARNER. The priorities and so forth?

Mr. ATWOOD. That is correct. The meetings have just started this week. In effect, this morning was the first meeting, and that was one in which we heard from the CINCs, who gave a semiformal presentation on their views.

Senator WARNER. So, that is why you are not able to acquaint us with any of the decisions that have been made?

Mr. ATWOOD. That is correct, because as of now no decisions have been made.

Senator WARNER. Now, a revised budget submission is expected to be forwarded to Congress on April 24. What can you tell us about this deadline?

Mr. ATWOOD. That is correct.

Senator WARNER. Can you acquaint us with the

Mr. ATWOOD. The ability of the Department to make the deadline depends on a number of things. But, in general, this week the Defense Resources Board under Deputy Secretary Taft will be meeting with the CINCs exclusively and will be hearing all of the CINCs input relative to the specific changes that they have any questions about.

After that, starting next week, there will be a series of meetings with each of the services, including both the service Secretaries and the service Chiefs. They in turn will be asked to comment on the changes that each made and on the changes recommended by the CINCs. Hopefully, some decisions will be made during the latter part of next week. Then Assistant Secretaries for PA&E and the Comptroller will put together a revised package.

This will be forwarded to the CINCs again and to the services for a final review. This will bring it up to the end of the week after next before the budget is finalized. Secretary Cheney would review that with the White House and presumably forward it to the Congress.

Senator WARNER. For the past several weeks, indeed for well over a month now, OMB Director Darman and Treasury Secretary Brady have been meeting with the leadership of the House and Senate Budget Committees to discuss the overall Federal budget and deficit reduction efforts.

The summit conferences still are continuing with the announced hope of the tentative agreement by the end of this week. Has the Department been requested to advise OMB or congressional leaders on the impact of possible additional reductions on the defense budget?

Mr. ATWOOD. Secretary Cheney has been meeting with the White House staff in discussing those matters, and has asked us to take a look at any other changes that might be made which would, if necessary go below the zero level budget. But we have done nothing beyond that level.

Senator **Warner**. To clarify it, you have got the $6 billion mark which you are working on internally, right now.

Mr. **Atwood**. That is correct.

Senator **Warner**. And you have been directed also to look at alternatives which might go beyond that and what the impact would be.

Mr. **Atwood**. That is correct.

Senator **Warner**. But generally speaking, that impact would be quite negative on our defense posture, I presume?

Mr. **Atwood**. We have not even gotten to the $6 billion mark yet, and I can assure you it would be severe to go beyond that.

Senator **Warner**. I thank the Chair. My time is up.

Senator **Levin**. First, on the matter which Senator Dixon raised with you, the reason that this has struck a nerve ending is because of the battle which we had here a few years ago over the language in the statute relative to the powers of the Under Secretary of Defense for Acquisition. This was a matter of real contention here, and there were a number of votes in the committee as to what the exact word would be in the statute relative to the powers of that Under Secretary.

So, it was not something which we did casually. We chose the word after long debate and the word "supervise" was offered as a substitute for the word "direct" and was defeated in a fairly close, but definitive vote here in conference.

I think that this history would be useful to you, and we will get it to you in preparation for your taking over the position and also in preparation for your meeting with Senator Dixon. It will be, I hope, helpful to you, but I would join him in highlighting that word "direct."

There is no suggestion that the day-to-day procurement activities be directed by that Under Secretary. There is no way that the Under Secretary of Defense for Acquisition can direct the day-to-day procurement activities of those managers in the services. That is not the issue.

The issue is that when push comes to shove, if the Deputy wants to direct any acquisition, he may do so, and that power is rarely exercised. It is because that power is in the statute, that it is rarely exercised.

It is like a lot of other powers that are not frequently exercised, like the power to subpoena. We rarely have to exercise that around here because everybody knows we have it, so everyone shows up. There are examples to the contrary once in a while, but not often.

So, it is because the Under Secretary does have that authority to direct the Secretaries in acquisition matters that the power rarely has to be used. But the existence of it is critical to this committee, and I would want to agree with Senator Dixon on that and to reemphasize that.

Mr. **Atwood**. I believe, Senator Levin, that your clarification is very helpful because the day-to-day operations probably should be done within the departments, and the Under Secretary for Acquisition probably should not be involved in the day-to-day operation.

On the other hand, he is responsible for the policy and procedures. He is responsible for the concept and approach, and he should have the authority to direct that those be followed.

Senator LEVIN. Well, even beyond that, it is not just the policies and the procedures. The Under Secretary has the power to direct the acquisition itself, even on a day-to-day basis if he wanted to. He has the power to go into the Secretary of whatever and say "I am directing that that acquisition be done on a particular day. It is not just the policies, not just the directive that I am enforcing. I am directing that particular acquisition." That is an important power to have.

Now, I do not want to create contention where none exists, and a great manager would not do that very often because you fail if you have to do that very often. But we believe that you have to have that power. The Congress put that power very clearly in the law. It is more than just policy. It is the right to direct, and the authority to direct the actual specific acquisition on the part of the Secretary that we believe is so important. So, I will just leave it at that.

And, again, I will get you that history because it was a very significant decision that we made that we thought unified and coordinated the procurement finally in one person, and that is why we sometimes call that person a Czar. I will leave it there.

Now, you have done an extraordinary thing relative to your position, in the way in which you are going to recuse yourself and separate yourself from General Motors. I am not sure how much of this needs to be made public, but I have just been briefed very quickly as to what steps you have taken to both recuse yourself during a very short interim period and to totally separate yourself from your former employer. You have probably gone overboard from what I understand. It has been done at great expense to yourself, and I would join the chairman and I think Senator Warner both made comments relative to this that you have taken some long steps.

Chairman NUNN. I am sure it has been done at a considerable expense and inconvenience. So, there is a large sacrifice being made by Mr. Atwood to be able to serve the country, and I think everyone has to be grateful for that.

Senator LEVIN. I do not know that it is even appropriate for me to get into the details of it. I am not sure what the ground rules are, but let me just say that I have been briefed enough on it and know that there is a significant financial sacrifice. It is not just that you have separated yourself. You were retired from General Motors. It has to do with the way in which you are going to isolate yourself from any conceivable argument that you have any financial interest in the well-being of General Motors. And I just want to commend you on it.

I am sorry things get to this point. Sometimes they do to preserve a critical appearance that our key people do not have a financial interest in their decisions. And, again, I commend you very highly on that and the other parts of your statement relative to the ethics that we must support at the Department.

Like all of our Government agencies, we have bolstered the number of officers and people in the Department that are going to be engaged in ethics enforcement. I believe you are totally committed to maintain a strong force to preserve and to enhance our ethics laws at the Department of Defense. That is an important commitment on your part.

Mr. ATWOOD. I agree with that.

Senator LEVIN. My time is up. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Levin.

Senator Lott, I believe you are next on the list.

Senator LOTT. Thank you, Mr. Chairman.

Mr. Atwood, we would like to congratulate you on your selection by the President to be nominated to be Deputy Secretary of Defense, and I welcome you to the committee. I appreciated the opportunity to visit with you and discuss some of your thoughts about this role that you have been nominated for. I just have a couple of questions.

You have been with a major company that you had an equity position in, as I understand it, and one that does do a substantial amount of military contract work. Is that correct?

Mr. ATWOOD. Substantial in absolute terms, but not substantial in percentage of their total business.

Senator LOTT. There has been a lot of talk in this city this year and earlier and I am sure there will be in the future about avoiding conflicts of interest and appearance of conflicts of interest.

There seems to be some animus against people coming in from the corporate world from companies that do military work. I do not share any of those views, but I am satisfied that you have taken the necessary steps to be completely clear of any conflicts of interest and that you will be able to hold this position totally objectively and that you will have a high priority on ethics and avoiding conflicts of interest. But I think that is important that we put on the public record exactly what you have done personally, which is a substantial sacrifice on your part so that you could serve the country in the position to which you have been nominated. If you would enlighten the committee on that further, I would appreciate it.

Mr. ATWOOD. First, I should note that by accepting the offer to be the Deputy Secretary—designate, I left an organization where my basic pay and incentive compensation were considerably in excess of that which I will receive here, if indeed I ever do receive it. Since I have not been confirmed, I have not received any pay yet.

Senator LOTT. When you get it, you will never notice it. It will be so small, it will go right by you.

Mr. ATWOOD. Beyond that I have agreed that I will sell all of my GM holdings.

Senator LOTT. You have agreed to sell all of your GM holdings so you will retain no equity position whatsoever?

Mr. ATWOOD. That is right, and that includes the options which I have been granted over a period of time in which I had up to several years to exercise. I have agreed that I would cash those out.

Beyond that there is a line of reasoning that is since I will be retiring, I am entitled to a pension. And although the pension is totally funded by GM and administered by someone outside of GM, the reasoning is that if there is a recession, the funding level may drop below the minimum amount required, and GM would be forced to reimburse the pension fund to make up the difference. If, at the same time, GM were going bankrupt, I would be in a position to give them defense contracts so that they would not go bankrupt such that GM could reimburse the pension fund and I could collect my pension. Thus, I have taken out an insurance policy against GM going bankrupt.

Senator LOTT. Are you serious?

Mr. ATWOOD. Yes, I am serious. I have no objection to it.

Chairman NUNN. It is not a very large premium, is it?

Mr. ATWOOD. No, it is not, but the consequences of losing are great. Although the premium is small, it is the sort of thing we are asking our people to do, and I feel we should be aware of the rationale.

Senator LOTT. And so you have done that?

Mr. ATWOOD. Yes, I have.

Senator LOTT. I would just like to say for the record that I personally feel that that has gone way beyond what is even remotely reasonable in actions to take and things to give up in order to serve in the position you are serving, and I think it is a ridiculous conclusion that there would be that kind of potential conflict. I just want to say that to you. But I appreciate the fact that because of your position you would able to do it and were willing to do it. But I can imagine a lot of people who would be very qualified who would not be willing to go to that extreme.

Mr. ATWOOD. Thank you.

Senator LOTT. Any other comment in that area?

Mr. ATWOOD. No, I agree with you.

I think one of the serious problems we have is convincing high level people in their late forties or early fifties to join us. I am referring to people who have the energy, enthusiasm, and drive to do a great job for us in the Government but who frankly cannot afford the financial penalty which they would have to take because they are in their prime earning years. So, it is a serious concern. As we look around for people to fill some of these key positions within DOD, we are running into some difficulty. You should be aware of it.

Senator LOTT. I thank you, and I commend you for what you have been willing to do.

Just one question further, Mr. Chairman.

With regard to your role there as deputy, as I understand it as a new member of this committee, it has been generally recognized for a long period of time that increased use of commercial specifications and the procurement of military equipment and supplies could lower costs and have very notable benefit for the process that we use in acquiring materials and supplies for the military, and yet there has been substantial resistance to that, as I understand it, by certain military personnel, and I think that we ought to be much more aggressive in looking for ways to use commercial specifications. I would like your reaction to that.

Mr. ATWOOD. There is no question about it, Senator, that one of the greatest savings we could make is to adapt some of our detailed requirements—requirements meaning specifications—to allow the use of commercial products that are suitably designed and have the reliability, quality, and performance to meet these standards. We could purchase many of them at lower cost.

I will not go so far as to say that there has been any obstruction to doing that. I think it is more a question of changing the attitude toward the adaptation of specifications. If we do, there is no question but what there are many subsystems or components within the commercial world that we could use in military equipment and which would do an outstanding job.

Senator LOTT. With your management background, is that an area that you hope to have an opportunity to concentrate on?

Mr. ATWOOD. Yes, very much so.

Senator LOTT. Thank you very much, Mr. Chairman.

Senator LEVIN. If you would just yield for a moment, we are going to be having a hearing in a Governmental Affairs Subcommittee just on that point in June. There are some obstructions that exist to the greater use of commercial items, and we would very much welcome your participation or your representation at that hearing.

Senator Lott is raising a very critical issue.

Mr. ATWOOD. I would be very pleased to, Senator.

Senator LOTT. Thank you very much, and good luck to you. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Lott.

Let me just follow up. You tell us your financial sacrifices that have been made here, and I agree with your assessment of them.

Which ones of those matters has been required by law as opposed to judgment, let us say, on the part of Government Ethics or the Department of Defense General Counsel or this committee? It might be helpful to tell us where those requirements are imposed.

Mr. ATWOOD. I am not sure that I personally know which of those were imposed by law.

Chairman NUNN. I see Mr. Hester here and, of course, Judge Bell. Maybe they could just tell us which of these requirements were imposed by law. For instance, the requirement of ensuring that General Motors does not go broke, is that required by law?

Judge BELL. It is required, Mr. Chairman, by the Office of Government Ethics, and they have said that this would be necessary because they had to eliminate any possible entanglement between Mr. Atwood and General Motors.

Chairman NUNN. Is that their interpretation of the law?

Judge BELL. It is. Financial interest under section 208 which is the conflict section of the statute. That is the way they construe it.

Chairman NUNN. How about the selling of all General Motors stock? Where is that requirement?

Judge BELL. That is the same section. If he did not sell his stock, then he would have a financial interest in General Motors, and he could not participate in things involving General Motors that might have a direct benefit to him, his stock, and his own holdings in General Motors.

Chairman NUNN. How about the recusal from decisionmaking?

Judge BELL. That is only in place until the sale of General Motors stock. After that he does not have to recuse himself in my view. But that does not mean that my view prevails. Somebody may even think that he ought to recuse himself.

The same that applies to judges. There is no de minimis exception. No matter how attenuated it was, if there was some financial interest, then he would be disqualified.

Senator LEVIN. Would the Chair yield for just one second?

Chairman NUNN. Yes, and I know Senator Glenn had a question on that. Let us just stay on this point.

Senator LEVIN. On that point my understanding is that in order to avoid any recusal, these recommendations have been made by the Office of Government Ethics. Is that correct? Now, you do not have to recuse yourself in any matter. I am talking about after divestiture, but after divestiture this insurance policy is such that you do not have to recuse yourself from GM, is that correct?

Judge BELL. Yes. It eliminates the financial interest conflict.

Chairman NUNN. Senator Glenn, I know you had a question along this line. We might as well go ahead with these questions now, and then we will rotate normally after we get through.

Senator WILSON. Mr. Chairman, I wonder if I might just interject a question at this point to the Chair. I think that is a fascinating point that has been raised, this whole area of extraordinary lengths to which the witness has gone. I take it from what I have heard that that means that a different standard is imposed upon the executive than upon the legislative. In other words, no one sitting around this table is required to exempt themselves from voting on a matter in the defense authorization bill because they in any way hold a pension.

If, for example, he were a Member of the Senate rather than the Department of Defense——

Senator LEVIN. The President's Commission—if I could respond—found an innate difference between our role and the executive role.

Chairman NUNN. There is a fundamental difference because everything that you vote on could affect your financial interests in some respect.

Judge BELL. It is recognized in the new Ethics Commission report.

Members of the Congress, just as the President, are elected to represent people, and they bring their disqualifications and biases with them. You have to vote. We do not have anyone voting in your place if you do not vote. That is the idea.

It is not like a judge who can recuse himself. You are the only Senators that we have from a State, one of two, so you bring your biases with you. People can decide in the election whether that is right or wrong. That is all written up in the new Ethics Commission report. So, there is a difference in the standards.

Senator WILSON. Thank you, Mr. Chairman.

Senator MCCAIN. Could I ask the indulgence of my friend from Ohio just to welcome the new appointee.

Senator GLENN. Sure.

Senator MCCAIN. Welcome, Mr. Atwood.

Chairman NUNN. I would be glad to yield to you if you have a question at this point, Senator McCain.

Senator MCCAIN. No, I do not have a question. I would just like to welcome the new Deputy Secretary, and we have now gained two citizens from the State of Michigan, one to Washington, DC, and the other to Arizona. We thank my colleague for the basketball coach from your State.

Senator **Levin**. We thank you for stealing him. I think it gave us some incentive to go on and win the championship.

Senator **McCain**. Mr. Atwood, I would strongly recommend that you get out and meet the young men and women who serve in the military today. It has changed somewhat since the days when you and my friend from Ohio, which was World War I, and I were serving. I think you will find that to be exposed to the men and women in the military and what they do will help you in your work.

I think you will find it has dramatically changed in recent years. Service men and women are a most valuable asset. Unfortunately, I have seen too many of our members on the civilian side that do not go out and visit the men and women in the ships and air bases and Army bases. I hope you will visit them.

Thank you, Mr. Chairman.

Senator **Wilson**. Mr. Chairman, I wonder if I might prevail on my friend from Ohio's kindness in the same fashion. I have to be back in my office. I do not have any questions that are so pressing that they are going to deprive me from the pleasure of voting for Mr. Atwood, and I am the beneficiary of a long conversation with him in my office. I must say I am enormously impressed, not only with his professional qualifications, but the extraordinary lengths to which he has gone to be cleaner than a hound's tooth. I am only concerned that it may set a terribly example.

I am not being entirely facetious in that. I hope that we do not make it impossible for people to serve who are unwilling to go to the extraordinary lengths that he has.

Chairman **Nunn**. I think all these things need reviewing. I think your point is very valid on that, and I think the President Commission, will be very interested in that. But we have had this kind of pattern for a long time.

David Packard took a huge loss. I have forgotten how much he lost, but it was more than we can imagine. So it has been going on a long time, and we fortunately continue to have people who have enough public spirit to come forward and sacrifice. But that does not mean that it does not need review.

One particular part that I think this committee ought to review particularly in defense is whether there ought to be some rollover position. I do not know what the President's Commission has recommended on this. When people are required to sell their stock where you have a capital gain, perhaps the requirement to sell would permit a rollover where there would be no tax consequences, and you would simply take your basis to whatever you rolled it over into.

Judge **Bell**. That is one of the recommendations.

Chairman **Nunn**. I have always felt that that would make a huge difference in defense.

Judge **Bell**. It would, and it would save Mr. Atwood a good deal of money.

Also, something that is not used but is available under the law is a waiver. If you had a situation where the conflict was very slight, not apt to occur if it might just be on a policy question and not a direct type case, you could have a waiver. But you have to answer to the public for giving the waiver, whoever is above Mr. Atwood, and you do not see many waivers in the Government. But a waiver is in the law.

Chairman NUNN. There is not one requested in this case.

Judge BELL. No, there has not been.

Senator WILSON. Thank you, Mr. Chairman, and I thank my friend from Ohio.

Chairman NUNN. Thank you, Senator Wilson.

I turn to the Red Baron over here.

Senator GLENN. Well, John McCain said that I came in just after the battle of Gettysburg, I think.

Mr. Atwood, I had to drop out to go to another meeting. Apparently, very good friends of yours were in that other meeting, and that is the reason I came back. I have just consulted with the chairman up here privately, because one of your friends indicated that because of the delay with the Tower nomination and so on, and you had sort of held everything in abeyance, now you are caught up short as far as financial arrangements go. Specifically, the disposing of this and that and being given time to make adequate financial arrangements. Is that still a problem for you now?

Your friend advised me to come back and ask that question with the idea that if you needed more time, I do not know whether we could accommodate that or not, but it certainly is something that I would be willing to bring before the committee for their consideration if you are still having some problems making arrangements.

We do not want to rush you into this job. You are making sacrifices as it is, and I agree with Senators Wilson and McCain and Nunn and others here who say we have to revisit this whole issue of qualifications and what we do because we are just discouraging a lot of fine, fine people from ever even considering coming into government by the way we exercise some of these rules.

So, are you having problems? Do you need an extension or whatever?

Mr. ATWOOD. The answer to both of those is yes, but let me tell you why.

Last January, I was approached and asked if I would be interested in serving as the Deputy Secretary. As a result, I came down and talked to Senator Tower and became convinced that it would be a fine thing to do.

I was told to be sure to get to Washington early because he would be confirmed by the end of the third week in January, and I would certainly be confirmed by the end of the first week in February. This I did.

Because I am an insider in GM, I could not sell any GM stock or exercise any options, and this still holds today.

The unfortunate part is that between the first week in February and now, the second week in April, there has been a gradual erosion of the stock market and in particular of the automotive stocks.

One can figure the erosion in the value of stock, but the erosion of options value is magnified several times. So, it is a serious problem at this particular time.

I have talked about seeking additional time—if I am confirmed—to sell my stock, I may sell it, with a willingness to recuse myself from anything to do with General Motors during that period.

The difficulty is that because there is no minimum amount. For example, if I were to be a participant in awarding a contract to GM who sold a 10-set resistor used on a major program, I theoretically would have to recuse myself from any action on that program.

That does not sound very practical at first, but there appears to be no law or provision for a minimum amount, and it would be the same as though GM made the whole of the major program. I would be asked to recuse myself from both.

I think that is what Judge Bell may have been referring to in a waiver or some sort of a limited recusal with the idea that there be some minimum level below which no recusal would be necessary.

Chairman NUNN. Right now you have 90 days under the agreement, and there is nothing to prevent a waiver or an extension of that time based on the proper procedure at a later date.

Mr. ATWOOD. Yes. And the object, obviously, is to sell my GM stock and to exercise my options as rapidly as possible after the formal confirmation and swearing in.

And furthermore, I want to have as limited a period of recusal as is necessary, because it is, I believe, a very important function of the Deputy Secretary to overseeing the Defense Resources Board.

Senator GLENN. Well, that is not anything that would hold up a confirmation, then. You are not holding up your willingness to serve on that basis.

If the 90 days passed and you still felt you needed additional time, you would come back to us again and ask for additional time. Is that right?

Mr. ATWOOD. That is correct.

Senator GLENN. Fine.

In a different area, in 1980, the military had an area that they called long supply. I do not know whether you have gotten into this subject over in the Pentagon yet, but long supply basically is a euphemism in the military for saying it is something we bought we have little or no need for or we did not buy the right number of spare parts to begin with. And yet, because it is of some value, we keep it, we stockpile it, we provide warehousing.

In 1980, when we were starting the defense buildup, long supply was defined by the Pentagon as being worth about $11 billion for all sorts of different spare parts.

By 1985, long supply inventory had gone to $31 billion. That is their figure, not ours. That is a potential $20 billion waste, because there is no known need for the material or whatever it was that we contracted for.

Now, I do not know whether you have had a chance to look into this issue, but GM, Ford, Chrysler in the big manufacturing business would long since have gone broke and departed from the corporate scene had they run their business on that same kind of basis. And yet, during that defense buildup period, that is what happened.

Have you had a chance to look into long supply? Are you familiar with it?

I am sure you are as much against it as I am, but what can you do about that?

Mr. ATWOOD. I am against it for obvious reasons. I have been made aware of the rough magnitude of the problem. In industry we call it excess and obsolete material, and anyone responsible for that tries to get rid of it darned fast to make sure that there is no buildup.

It happens very often because of model year changeover.

And, of course, this is a matter of great attention within the automotive industry. I am speaking of more than General Motors.

I think that some kind of attention needs to be given to the problem in the Department, given the order of magnitude of the numbers you just mentioned.

Those are astronomical numbers of $20 or $30 billion worth of excess and obsolete material.

Senator **Glenn**. Well, those figures came out of some of our hearings on a different committee.

I am chairman of the Governmental Affairs Committee, and we are charged with looking into the efficiencies of Government across the length and breadth of Government. So, we get into many areas and different departments. And we trample on other committees' toes sometimes back and forth because of jurisdictional problems.

But that came out of one of our hearings on governmental affairs. Senator Levin has been much involved with that, with deficiencies in the Pentagon. He is chairman of one of our subcommittees on the other committee and was involved in developing some of these facts and conducting some of the hearings that led to these figures coming out.

I will not try to bore you with a bunch of these excess spares, but we have, for instance, flashing red lights for military police vehicles. I do not know what the inventory is. I think it is like a 40-year supply of red lights we have now for vehicles, and then we found on the new automobiles, the lights will not fit. So, we had them warehoused up in Pennsylvania or someplace I think. There is a warehouse up there. If you want some red lights for a vehicle, I can get you some bargains on them up there, I think.

But there are a lot of things like that that you may want to look into where procurement just really needs someone with your background and expertise in acquisition with a big corporation to really get into it and make some sense out of it.

I know a lot of our buys are special. We do not buy so many things to go on a Buick bumper at a certain point in the production line where you know exactly how many you estimated and you get rid of the surplus if it is a little over.

Many of our buys, of course, are research-oriented and things like that, so it is not quite the same ball game, but we should be able to come up a lot closer than those figures I gave you which were the Pentagon's own figures.

I appreciated the time you spent with me in the office yesterday. We had an excellent discussion. I was quite happy with that. We talked about some of the pilot shortage problems we are addressing with legislation here, and I hope you can follow up on that.

The public is not generally aware at this point that we are some 1,500 Navy pilots short right now out of 11,000. I found out after you left yesterday there are only about 11,000 pilots authorized in the Navy. And so we are some 14-15 percent short on pilots right now in the Navy because of airline hiring. We are trying to address that with other legislation.

We have a similar deficiency in medical personnel, and we discussed yesterday something that I want to do more work on and follow up with you and with Secretary Cheney on the area of total force concept that we have had since 1973, and we never have reviewed the concept since.

I know this is early to be asking you for definitive statements on all of these issues, but I just point them out as some areas where we really, really have some serious deficiencies, and I welcome your corporate and now Government expertise, or shortly to be Government expertise, to be applied to these areas because we really do need to straighten some of these things out.

Mr. ATWOOD. I appreciate what you are saying, Senator, and I am in full accord. In fact, after our discussion I did a little inquiring into the severity of the problem, and they are severe in both aircraft pilots and medical people, doctors and nurses. I think that all of the people who I have talked with are extremely anxious to do something about keeping these people with some form of an incentive program.

Many of them want to stay, but simply cannot afford it, and I think that is what we run into. So, we will work on that.

Senator GLENN. It is exactly the same, and we want to work with you on that.

Just to give you an indication of the magnitude of this problem, we assigned—and my time is up, so I will be brief—but we assigned, under the total force concept back in 1973, 80 percent of combat medical to the Reserves. That sounds great. War breaks out, mobilize Reserves. They are over there within 2 to 3 weeks, fills in nicely with the Regulars.

Well, the only problem is that in the Army, for instance, in the medical reserves, of that 80 percent assigned to the Reserves, we are 71 percent short of the doctors. We do not have them. That is 7,000 doctors short.

In the nurse corps, we are 31,000 people short. That is 66 percent of the nurses short of what we need for combat, and we have just let this go on year after year. We have kept talking about it, however, and finally we have the studies that they gave us last year, and we are proposing legislation, but it is something we have to address because the bottom line in your job is not how we organize the Pentagon. It is whether we support the people in combat if, God forbid, we ever have to go to war. That is the bottom line of what we are trying to do.

So, I guess those are more statements than they are questions, but thank you very much. My time is up.

Chairman NUNN. I thank you, Senator Glenn.

Mr. Coats.

Senator COATS. Thank you, Mr. Chairman.

Mr. Atwood, welcome, and congratulations.

I also add my voice to those commending you for your willingness to serve this Nation in what I think is an extremely important capacity. I wish we had a dozen Don Atwoods to put to work in the Government.

You are someone of great integrity, great experience, background, and management ability. I am impressed with the sacrifice you are making and the willingness to serve this Nation. And I want to thank you for that.

I also want to ask you just a couple of brief questions, and if you have not had time to fully look into this, I will defer and gratefully accept an answer at a later time.

Have you had an opportunity to review in any depth the Goldwater-Nichols reform? And do you have opinions on that act and the provisions of it? Are there things that you think cught to be changed or implemented more quickly?

Mr. ATWOOD. I have had an opportunity to look at the Goldwater-Nichols bill and to its implementation. Obviously, it set about to do some very important things. Number one, it strengthened the role of the Chairman of the Joint Chiefs in his ability to advise, on a very personal basis, both the President and the Secretary of Defense.

And I might add that, since I have been cver there, Secretary Cheney and I meet every day with the Chairman for 30 to 45 minutes just going over matters of interest and listening to his advice.

Second, I think it solidified the role of the CINCs, the Commanders in Chief of the Unified and Specified Commands. They feel now that they are extremely important in the defense of this country, and are now participating very actively in the whole defense budget and acquisition program planning.

As I mentioned earlier, they were in today, they will be in for the next 2 days going over, with the Defense Resources Board and Secretary Cheney and myself, their opinion of what kind of changes are being made and what should be made.

Third, it gave more civilian authority over the military, in that the Secretary is now in direct line with the President over the CINCs. They are able to exercise the kind of authority that we would like exercised in times of emergency and in setting up contingency plans.

And finally, of course, the roles of the service Secretaries have been defined in the training and maintenance responsibilities of the services.

Senator COATS. Are there any provisions of that act that you think are misguided, misplaced, excessive?

Mr. ATWOOD. No. I do not see any at this time. I do, obviously, over a period of time, want to have an opportunity to review the matter and make sure that we are implementing the law fully before I start to complain about it.

But, right at this time, everything I see is positive.

Senator COATS. Do you have an opinion about involvement of the military in the drug war, the extent that they ought to be involved?

Mr. ATWOOD. Well, that is something—this is more a personal opinion I should add—but, I think the problem is of such national importance that we should do anything we can to help alleviate it.

The military is currently playing a role, as you know, and we will do more in response to Secretary Bennett's request. We are now offering some aid in the Washington area and other areas.

I have had a review of the interdiction efforts that the Air Force has conducted in some of the drug smuggling into this country, whether it be by a direct drop or by a fly over and dropping something via parachute.

I think, within the limits of the law, and at the request of the executive branch and the Congress, DOD is and should be playing a role.

Senator COATS. I am glad to hear you say that. I reluctantly think there has to be a role just given the magnitude of the problem. And to the extent that we can jointly explore what that role ought to be, I would like to do that with you.

Those are the only questions I have. I am just glad you are here. I look forward to working with you and wish you the best.

Thank you, Mr. Chairman.

Mr. ATWOOD. Thank you.

Chairman NUNN. Thank you, Senator Coats.

Mr. Atwood, I have several questions here, and I do not think it will take very long, but I need to run through them.

You have now had a longer period than anyone anticipated to, sort of, survey the landscape over at the Department of Defense before you have taken your official role. What do you see as the two or three major priorities facing the Department of Defense and facing you and Secretary Cheney?

Mr. ATWOOD. Well, I think it is probably proper, and the President requested it, that we do conduct this review of our national security strategy and defense strategy, just to reaffirm that what we have been doing is right or to fine tune it where necessary.

And based on that, to establish guidelines for our Armed Forces and the weapons which they need in order to fulfill the requirements of our defense strategy.

And I think, with or without limitations on the budget, we have to adjust the force structure and the procurement of present or new weapons.

That is one area.

I think the second area is one of management, it really boils down to the area of acquisition.

We do not seem to be lacking in ideas, neither are we lacking in systems that we are willing to put in place. But, what appears to me to be necessary is to provide discipline to those systems.

Let me give you one example. We set a four-phase process in place to measure the progress of a new weapon system. And we establish exit criteria that the weapon system must exhibit before it goes from one phase to another phase.

It is always too easy to say that I know the system does not quite meet the criteria, or I know it was a little late; but, if we do not put the funding up and get going, we will miss the overall schedule. And pretty soon, we get down to about Phase 3 and we have a very troubled program.

And if we go back and look at a program that is late, or it is overrun, or it is not meeting its performance targets, invariably we will find that it did not pass the exit criteria in going from one phase to another.

I think we need to discipline ourselves to enforce that.

I think, also, in the whole area of acquisition, the business that we talked about earlier, of making sure that we make maximum use of commercially available products is important. We must make sure that we do not put specifications on a product that are excessive.

You know the old adage of I want an airplane that goes 1,000 miles an hour, and I can get it, so I will put a spec on it that it goes 1,020 miles an hour and that adds about 30 percent to the cost of it.

I am just using it as a crude example.

Sometimes we do not put on specifications that are cost effective, and we need to be sure that we are doing that.

Last, let me mention the whole business of ethics and the problem that has arisen because of "Ill Wind." I think we need to put great emphasis on both the industrial complex as well as on DOD to ensure that we establish written policies and procedures for ethical behavior. And further that we take the opportunity to train our people and to reinforce to them that this message comes down from the top.

We just do not issue a pamphlet and say, there, that takes care of it. We must make sure that people have had training. That goes in industry as well as in DOD.

If then someone steps out of line, we must prosecute them to the full extent of the law immediately. There should not be ameliorating circumstances.

I do not think, in dealing with the taxpayers dollars, that we can sit idly by and let this happen the way it has happened.

Chairman NUNN. It erodes the whole foundation of defense, which is public confidence.

Mr. ATWOOD. Yes, sir.

Chairman NUNN. Do you have a pretty firm understanding with Secretary Cheney about what your duties are going to be? And, if so, could you describe what you visualize your duties to be?

Mr. ATWOOD. We have discussed it. And recognizing that our talents and our capabilities, perhaps, are complementary to each other, Secretary Cheney's capabilities are very heavily in setting strategy, maintaining contacts with the Hill and setting up the overall responsibilities with respect to both the White House and Congress, and in dealing with our allies.

And although my responsibility as Deputy Secretary is to be the alter ego of the Secretary, I will put in sufficient time with him on all of these issues so that I can truly be a backup for him.

But, saying that, my primary responsibility will be in the day-to-day operation of the Pentagon. To that extent, taking primary responsibility for directing the planning, programming, and budgeting system, and to take primary responsibility for overseeing the acquisition systems, and the program management.

Obviously, if I were to try to break it down by percentage of my time, it would be difficult, but it would not be unusual for me to say that I would spend 20 percent of my time doing those things that Secretary Cheney will be primarily responsible for, and about 80 percent of my time on the in-house day-to-day activities.

I will not try to prejudge this, because Secretary Cheney is probably going to put 100 percent on each, but he is responsible for the whole Department and he has to be fully up to speed on all of the activities.

Chairman NUNN. We have a major reorganization that is now being implemented in the Department of Defense, and I know you will be involved in that. Admiral Crowe probably had it best analyzed when he said it would take a full 10 years to completely implement all of it.

There are some people who are very frustrated that more has not been implemented.

Without getting into the details of that, in 1984 General Motors had a massive internal reorganization. You were there at that time; what has been your experience in that kind of reorganization in a major American corporation? And how do you translate any of those lessons, if you can, to the Department of Defense?

Mr. ATWOOD. We did that in two steps. First and foremost, we organized on a central basis our truck operations. Prior to that, our truck operations had been spread around in different divisions. And there were different manufacturing divisions, and different marketing divisions.

We consolidated all of that into a Worldwide Truck and Bus Group. That is the smallest of the major automotive operations, and it went very smoothly.

Armed with the experience on that, we undertook it on our six major automobile divisions; Pontiac, Olds, Cadillac, Chevrolet, Buick, and GM of Canada. That was a significantly greater undertaking.

And in spite of all the experience we had with the truck operation, and in spite of the success we had, one never should underestimate the magnitude of a job that appears to be three times greater, because the difficulties are much more than three times greater.

And that reorganization went much more slowly than the truck reorganization did. We had more difficulties, we had more people involved, and we had some cultural problems.

I will tell you that there are people who had worked at Chevrolet all their lives, and they had a bow tie stamped on their forehead. Making them become part of a new organization was a different thing.

And I think that is what we will run into within the Pentagon.

It has turned out to be very successful at GM. But it did take longer because of the embedded nature of the problems.

Chairman NUNN. You also had direct responsibility over Hughes Aircraft Corp. when it became part of GM, and also you were involved in Electronic Data Systems in your GM role.

What did you learn about the Defense Department when working for and working with a defense contracting group that you will bring with you to this job?

Mr. ATWOOD. I think the same sort of lessons that we all learn, whether we are dealing within the Department of Defense or outside of the Department of Defense, and whether it be a Hughes Aircraft or a Lockheed or a General Dynamics.

And that is that the problems in dealing with the Defense Department are compounded over those which would occur in the commercial world.

DOD has its annual budgeting process. And one can be assured of authority to go ahead only one year at a time. We went through a cycle—now I am speaking of DOD—which was very difficult to comprehend.

If we want to make large savings in a program we should go to where most of the money is spent. In the final analysis, on a new weapon system, the money is spent in the production and in the logistic support and maintenance phases.

Yet, we tend in early phases, in the concept validation, and full-scale development phases, to let out fixed-price contracts in which we urge cost sharing. Even though a company would say it would cost $50 million to develop this, we might give them only a $25 million contract, fixed-price.

What happened, of course, is that instead of spending the kind of money they should have to build in quality, to build in simplicity, to build in producibility and reliability, they tended to make savings. They, too, had shareholders. And they would save money to minimize their losses in those early phases.

The net result is that we could end up with a system in production which was not simple, was not easy to build, had some reliability problems, could not be serviced easily in the field, and a lot of problems down the line where it really costs us big money.

I think one of the things that I learned which I will carry over is the fact that, in early-on development programs, whether they be changes or whether they be brand new weapon systems, the time to spend money is up front to save money down the line.

And I think people there recognize that.

Chairman Nunn. Senator Thurmond.

Senator Thurmond. Would you yield to me one minute?

Chairman Nunn. Yes, sir. I would be glad to.

Senator Thurmond. Thank you very much.

Mr. Chairman, I want to welcome Mr. Atwood here.

I ask unanimous consent that my statement be placed in the record. I have to run down to the White House.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman, I join you and the distinguished members of this committee in welcoming Mr. Atwood. Our country is blessed to have a man as talented as Don Atwood volunteer to serve his country in this capacity.

Mr. Atwood, I don't know whether to congratulate you or offer you my condolences. The position of Deputy Secretary of Defense is like that of the executive officer in a military unit, he does all the work and gets little of the glory.

President Bush and Secretary Cheney have nominated you for a position that requires a firm hand as well as the knowledge of how to effectively manage a large and complex organization. Your extensive corporate management background will serve you well in tackling the extraordinary challenges you will be facing. I wish you the very best.

Mr. Chairman, I believe it is noteworthy to point out that Don Atwood served as an enlisted person in the Army Signal Corps in the China-Burma-India theater of operations during the Second World War. This experience gives him that special perspective of a soldier which I believe will add greatly to his credibility and effectiveness.

Mr. Chairman, I request unanimous consent to include in the record a statement in support of Mr. Atwood by Dr. Robert Henderson, director of the South Carolina research authority. Dr. Henderson is a former colleague of Mr. Atwood and speaks highly of his qualifications.

Thank you, Mr. Chairman. I would like to follow up with some questions at the appropriate time.

STATEMENT IN SUPPORT OF DONALD J. ATWOOD, JR.

(By Robert E. Henderson, Ph.D.)

Thank you, Senator Thurmond.

I am very pleased to have this opportunity to support the nomination of my former colleague and boss for this extremely important assignment. I worked with and for Don Atwood in many different capacities during my 20 years at General Motors Corporation. The striking characteristic of Don is the way he manages to accomplish the nearly impossible tasks by developing a team spirit on the part of all levels of employment and by directly attacking the technical and managerial problems. Whether it was the development of a new aircraft engine, a new inertial guidance system, or the purchase of Hughes Aircraft and Electronic Data Systems (EDS), Don used his extensive intellect, together with his engineering knowledge and leadership personality, to get the job done correctly and efficiently.

I have seen Don work with Professor Draper at MIT and with engineers at General Motors to effectively transfer university research in inertial guidance to practical products used by American airplane fleets. Today, this is one of the major issues facing the Defense Department. . . . How can we effectively employ our great scientific capabilities in creating the best weapons systems in the world? He was doing just that—from MIT to GM in the 50's—and has continued to be successful. The new anti-lock braking system in GM experimental cars is a result of another tech transfer initiative under his direction in the 80's.

I have been associated with the defense enterprise in one manner or another for 36 years. I have never encountered a better match of a man, his capability, and the job, than the match between Don Atwood and the office of Under Secretary of Defense.

Senator THURMOND. I just want to say that he has a very fine record of experience. And he has a fine reputation of being a man of ability, character, and integrity. And I think he would make an excellent officer in this important position.

This is probably the most important position in the Government to save money. And I think if anybody is going to do it, you will.

You have such a fine record. And you have been highly recommended by Judge Griffin Bell, whom I hold in high esteem. I would vote for you for that reason.

Thank you very much.

Chairman NUNN. Let me just ask a couple more questions.

You were explaining your experience in the defense industry. Did you notice any fundamental differences between the various military services in how they approach procurement?

Mr. ATWOOD. Yes.

Chairman NUNN. Is there anybody you want to give good marks to or any practices you think that we ought to be alerted to that are negative?

I guess the fixed-price contract was one of those——

Mr. ATWOOD. Fixed-price cost-sharing contracts, up front, I think are very bad.

Yes, there was at that time a considerable discrepancy among the services as to how they contracted. And without trying to get into who should get particularly good grades or bad grades, I think most people get good grades. But the difficulty is that we would establish, in one branch of the services, an approach to contracting wherein that branch would not allow special tooling to be a charge. And they would force the contractor to spend money up front on tooling.

Another branch would do just the opposite, would recognize special tooling and would fund the special tooling themselves.

Furthermore, and perhaps what is more difficult is one branch would find that it would disallow certain overhead expenses. Well, those are allowable overhead expenses under the provisions of the Government regulations, and what they would end up being is overhead expenses on those branches that did permit them.

So there was a lack of equalization. There was a considerable difference.

Now in recent times that has been minimized considerably. And I think that is the big advantage of an Under Secretary for Acquisition, he is able to enforce, or should enforce——

Chairman NUNN. You say in recent times; what do you mean by recent?

Mr. ATWOOD. The last couple of years.

Chairman NUNN. The last couple of years, under Mr. Costello?

Mr. ATWOOD. Yes.

Chairman NUNN. You believe he has done some of that himself by being in that position of——

Mr. ATWOOD. I think, by virtue of that position existing, and that probably started under Mr. Godwin too.

Chairman NUNN. We have been required to legislate in some of those areas. We get into the accusations about there being a lot of micromanagement. And there is a problem of that in Congress. But, many many times it is because of voids in those areas. We have had to legislate in both the fixed-price contract and also the tooling area.

Mr. ATWOOD. Yes.

Chairman NUNN. I would assume that you generally agree with that legislation?

Mr. ATWOOD. I do.

Chairman NUNN. One other question, and then I will defer to Senator Warner. And I think the best thing that could ever happen to a nominee is when all the members gradually leave. [Laughter.]

You have had the ultimate success here this afternoon. [Laughter.]

I think Judge Bell could also go along with that.

In an article in the January 15, 1989 edition of the Los Angeles Times, problems encountered by the Hughes Aircraft Co. during the 1980s were summarized as follows: "The company has had to cope with massive changes in its market, threatening the very identity that it labored to build since its founding after World War II. Hughes has also experienced a series of monumental cost overruns during the 1980s that collectively approach $1 billion," it has been learned.

"In addition, quality control failures in the mid-1980s have tarnished its image."

First of all, whether you agree with that assessment or not, what are your comments about it in terms of your role and your experience?

Mr. ATWOOD. There are a number of facets of it, and obviously there are many reasons or explanations or conditions that one could apply. Let me talk about the quality problem first.

During the mid-1980s, Hughes experienced some quality problems on missiles that were being manufactured in Tucson. They undertook a major reorganization of their Tucson operations, a major incorporation of corrective actions to improve the quality of the production of those missiles.

When GM was in the competition for the acquisition of Hughes we made a particular study of Tucson. And one of the things that we did determine after we sent a significant number of manufacturing people there to see firsthand, was that many of the steps had already been taken.

And we made up our minds that, with what actions had been taken and their attitude as a result of the reorganization, what we could bring to Hughes would be to help them take an even greater step forward in improving quality.

I would tell you that, as of today, the Tucson manufacturing operations are some of the highest quality producers of military equipment for the Government. But, that does not say that they did not have difficulties.

You mentioned cost overruns, and I think you will find that when one talks about cost overruns, sometimes people who wish to emphasize that will not take into account fully that those cost overruns were very often one of two types. One is a fixed-price contract, in which it was a cost overrun, but fully borne by the company itself.

And that type is mentioned freely when you add up those numbers. The cost overruns were investments which that company made in order to do the right thing in the early development stage, even though they had contracts which were fixed-price and limited in value, and which in many cases were cost sharing.

And I think you will find in those discussions there were some of that type.

The second type, obviously, came about because very often DOD causes changes to be made. They hasten into a development-type contract, and then work very closely with the contractor incorporating to make changes to make the product a little bit better as you go down the line.

And, if one is taking a very negative attitude, you say those are cost overruns. They really are accommodating the changes imposed by DOD in order to make the product better.

The final point I think that you made, and I am handling them in reverse order, was you said that Hughes has been faced with a massive change in its market. I think that is right. I think there has been a massive change in the DOD market.

Back in the late 1970s or beyond that, when Hughes grew at such a phenomenal rate, there was a premium put on technological innovation. And that was Hughes' greatest strength, technology innovation. They had a brilliant set of scientists and engineers, and they had a degree of confidence that they could solve any problem.

And they built their reputation and they built their business on that.

As the 1980s embarked on us there became a greater emphasis on cost and less on technological innovation.

There has been a shift in the marketplace. You now have to go about marketing from a cost-effective standpoint to a far greater extent that you did when Hughes was built on its technology innovation.

So that if I were to comment on what you read to me without looking at it directly, there is always some truth to it. On the other hand, there are many extenuating circumstances which would mitigate against what you read.

Chairman NUNN. We have now, as has already been alluded to today, a procurement fraud problem in the Department of Defense. A number of indictments have come down, a number of others are pending, a number of people have pleaded guilty, et cetera.

During the course of that there have been two major problems. One is misuse of consultants in certain areas. I am sure we are going to have proposals on that legislatively, maybe prematurely, but nevertheless, we will be dealing with it this year.

The other is, in a major way, a misuse of Government documents that were given to people were shared with people that were not entitled to them, people in consulting positions that later shared them with companies.

In your defense experience, did you ever have access to information from sources that was not proper, in the sense of classified information that you were not entitled to, or information that was proprietary that you were not entitled to?

Mr. ATWOOD. No. I recall of no instance in which that took place.

Now, beyond that, I would say that very often, when a new weapon system is about to be acquired, there would be discussion among some of the technical people at one of the services with technical people in the industry, with all of the industry in general, seeking advice as to what could or could not be done in a very wholesome——

Chairman NUNN. But that was not information that was not supposed to be shared?

Mr. ATWOOD. No. That is right.

Chairman NUNN. That was information that the Government was sharing in order to procure and do its job, and it was not one contractor getting the advantage over others?

Mr. ATWOOD. That is correct.

Chairman NUNN. Did you know of that kind of practice going on when you were involved with Hughes or other defense industries?

Mr. ATWOOD. No. I think by the time we acquired Hughes, the problem that you are referring to had arisen already. I never found that happening at Hughes.

Chairman NUNN. How about any of the other companies?

Mr. ATWOOD. No.

Chairman NUNN. Senator Warner.

Mr. Atwood, thank you for being here today. I am going to have to depart for a moment. I have some people waiting for me that have been waiting for a long time, but I am going to leave it with Senator Warner to close out. We thank you very much for being here.

Mr. ATWOOD. Thank you.

Senator WARNER [presiding]. Thank you, Mr. Chairman.

Mr. Atwood, are you familiar with the opinion issued this year by the GAO on operational testing?

Mr. ATWOOD. Yes.

Senator WARNER. And are you familiar with the potential impact of that opinion on the Sea Wolf submarine program?

Mr. ATWOOD. I am sorry. I was on to something else, and I thought what you were talking about was the organization within DOD that is separated from the acquisition head on operational testing.

Senator WARNER. This particular opinion applied to the law that now exists. My research indicates that it was not our intention to create this problem, but we may not have had the legislative history necessary to obviate it.

But, according to the opinion of the law as it now exists by the GAO, no major weapon systems may progress beyond low-rate initial production until after completion of operational testing.

Now that would mean, in the case of the Sea Wolf program, they would have to wait until after completion of construction and testing in about 1995 before construction could begin on a second hull of this class.

The second ship of the class might not enter the fleet until more than 10 years after the design and technology for this ship was selected.

I am sure you have had an opportunity to have some briefings on the Soviet submarine program and what they are doing, and the numbers of new starts and concepts that they are launching almost on an annual basis.

I find that situation just totally unacceptable, never envisioned by the Congress. And legislation is necessary. As a matter of fact, my good friend Mr. Bennett on the House side has already indicated that he is going to initiate it, and I may well join him on this side.

With that refresher, have you had an opportunity to look at that situation?

Mr. ATWOOD. I have not had an opportunity to look at this, the submarine or the shipbuilding situation, but I am familiar with that provision and what it entails when it applies to other programs.

Senator WARNER. Yes.

Mr. ATWOOD. And I think whatever was written, and I am not familiar with the legislation in detail, probably had as its intention the sort of exit criterion I was referring to.

Senator WARNER. Absolutely.

Mr. ATWOOD. And that part is very sound.

But if you are talking about building an Apollo——

Senator WARNER. Shipbuilding is in a class by itself.

Mr. ATWOOD. Yes. I do not know how you test-flight an Apollo lunar vehicle without having gone through a vehicle that went to the moon and back. So, it is different.

Senator WARNER. Well, I would hope that you could indicate today that you will work with members of this committee, and if it is our collective judgment that we need revision of this legislation for shipbuilding.

Mr. ATWOOD. I will, indeed.

Senator WARNER. I appreciate that very much.

And I wish, on behalf of the chairman and the members of the committee, to thank your wife and the members of your family for joining today.

Having had some modest experience in that building, I know the sacrifices that must be shared by the family.

And I can only say to you, Mrs. Atwood, that I am very doubtful that any of the decisions made after 7 endure. They are often changed the next morning.

And, all too often, the subordinates in the building will not leave until the military chain of command conveys the fact that the boss has left.

So the sooner you get him home, the sooner others can get home, and the building can do a more satisfactory job the next morning. [Laughter.]

Thank you very much.

[Whereupon, at 4:20 p.m. the hearing was adjourned.]

[Prepared questions submitted to Donald J. Atwood by Senator Sam Nunn prior to the hearing follow:]

DONALD J. ATWOOD,
April 3, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your letter of March 21 forwarding fifteen questions in preparation for a hearing on my nomination to be Deputy Secretary of Defense. I look forward to appearing before the Committee.

The questions you asked and my responses are set forth below.

Question 1. Duties. Title 10, United States Code, provides that the duties of the Deputy Secretary of Defense are to be prescribed by the Secretary of Defense. Should you be confirmed as Deputy Secretary of Defense, what duties do you expect that Secretary of Defense Cheney will prescribe for you?

Answer 1. Secretary Cheney and I have discussed this matter. In general, if I am confirmed, I will be involved in all aspects of Department of Defense activities. However, I anticipate that the major portion of my time will be devoted to the day-to-day management of the Department, with specific responsibility for direction of the planning, programming, and budgeting system and the activities relating to acquisition and program management.

Question 2. Most Serious Management Problems. Your extensive corporate management background has been cited as one of the principal reasons for your nomination by President Bush. Given this background, what do you consider to be the most serious management problems in the Department of Defense? What management activities and timetables would you establish to address these problems?

Answer 2. The Department faces many serious challenges. There are two, however, of particular importance—the selection and training of key personnel and the day-to-day management of the Department. It is critically important to get talented and experienced individuals in place in the senior positions in the Department. We must also improve the education, training and career development of key individuals, such as those in acquisition.

Question 3. Span of Management Control. As you know, 36 senior civilian and military officials report directly, at least on paper, to the Secretary and Deputy Secretary of Defense, not counting their immediate assistants. Given your corporate experience, do you believe that this is an excessive span of management control? If so, how would you plan to reduce the span of management control of the Secretary and Deputy Secretary?

Answer 3. If the 36 officials actually reported directly to the Secretary and Deputy Secretary for their day-to-day supervision, it would be an excessive span of management control, in my judgment. As Secretary Cheney and I gain experience with our management team, adjustments in reporting arrangements may be necessary. As a general matter, I favor strengthening the supervisory responsibilities of the Department's two Under Secretary positions. Above all, a Secretary of Defense must have the flexibility to establish and change lines of supervision in the Department to suit his management strengths and style.

Question 4. Management Lessons of Procurement Scandal. Last year, there were serious allegations of fraud and bribery in the Department of Defense's procurement process. What management lessons do you draw from the information that has been made public to date about this procurement scandal?

Answer 4 Although there may be more information yet to made known concerning the referenced procurement scandal, there is sufficient publicly available information to draw some conclusions. For example, enough is known to state that it is imperative that only individuals who are particularly well respected for their integrity as well as for their capability and professional experience be recommended for the positions of Under Secrertary of Defense for Acquisition, General Counsel, and Inpector General. Careful attention must also be given to the selection of individuals for similar positions in the Military Departments.

In addition, I believe that it is imperative that the standards of conduct policies and procedures be carefully reviewed, and that the Department of Defense must reemphasize the education of departmental personnel in the laws, regulations and ethical principles governing defense acquisition.

The overwhelming majority of departmental personnel are dedicated, loyal servants of the American people who fully meet the high standards we expect of them. But for those few who choose to betray the public trust, justice should be swift and punishment should be meted out in accordance with the law.

Question 5. Relationships with Service Secretaries. As you may know, over the history of the Department of Defense, Service Secretaries have often been obstacles to efforts by the Secretary and Deputy Secretaries of Defense to formulate and implement a coherent and integrated defense program. How can this traditional problem be overcome?

Answer 5. Whatever problem may exist can be overcome in one way only—by the selection of individuals for Secretary of the Army, Secretary of the Navy, and Secretary of the Air Force who are extremely capable, loyal and fully committed to the goals of the President and the Secretary of Defense and to the implementation of the law. Secretary Cheney and I have spent a great deal of time ensuring that his recommendations of individuals to head the Military Departments meet those high standards.

Question 6. Attention to Strategic Planning. There has been continuing criticism of the inability of senior defense leadership to discipline the management system to give adequate attention to strategic planning. According to most accounts, programming and budgeting dominate organizational activity in the Department of Defense. Do you agree that this is a problem? If so, how would you plan to overcome it?

Answer 6. I do agree that it is a problem. The U.S. Armed Forces' force structure and capabilities must be tailored to meet the national security strategic objectives. One of the key management objectives of the Administration in national defense is to ensure that policy drives programs and not the other way around. Thus, for example, one of the President's first actions was to direct a National Defense Strategy Review, the results of which will guide decisions concerning our armed forces. Within the Department of Defense, a greater voice for the Under Secretary for Policy in the planning, programming and budgeting process will help ensure that we tailor our armed forces to our objectives, instead of tailoring our objectives to our armed forces.

Question 7. Defense Reforms. Secretary Cheney made a strong commitment to implement the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low intensity conflict reforms. What leadership role will the Secretary and Deputy Secretary of Defense need to play to ensure full and timely implementation of these reforms? What specific actions would you plan to take in this regard?

Answer 7. The first action was to make clear that the Administration is committed to making those changes work. The President made clear his commitment to implementation of the Packard Commission recommendations in his address to a Joint Session of Congress on February 9th. Secretary Cheney has similarly made it clear that the Department will fully implement the laws applicable to its activities, including the Goldwater-Nichols Act and the statutory provisions relating to special operations and low intensity conflict. The Secretary and I will lead the Department in these areas by providing management attention and by showing that those who effectively implement these changes will be rewarded by advancement and recognition. The Defense Management Review directed by the President in his February 9th address should set forth concrete steps for management improvements that, when taken, will result in a more effective and efficient Department.

Question 8. Philosophy of the Goldwater-Nichols Act. How would you describe the basic philosophy of the Goldwater-Nichols Act? What effect has the Act had on the strength and management potential of the Secretary and Deputy Secretary of Defense?

Answer 8. The Goldwater-Nichols Act was intended to:

Strengthen civilian authority in the Department of Defense;

Improve the military advice provided to the President and the Secretary of Defense;

Place clear responsibility on the commanders of the unified and specified combatant commands for the accomplishment of their missions, and to ensure that they have the authority necessary to do so;

Increase attention to the formulation of strategy and contingency planning;

Provide for more efficient use of defense resources;

Improve joint officer management policies; and

Enhance the effectiveness of military operations and improve the management and administration of the Department.

Because I was not with the Department of Defense before the Goldwater-Nichols Act was enacted, I do not have the basis of comparison for making a personal judgment on the importance of the improvements effected by the Act. I am advised, however, that the steps already taken in this regard have been generally beneficial to the Department. We will, of course, continue to direct the full implementation of the Act.

Question 9. Packard Commission's Acquisition Reforms. There has been considerable concern about the relationship between the Under Secretary of Defense for Acquisition and the Deputy Secretary of Defense. In light of the Packard Commission's recommendations, recent legislative changes, and your own management philosophy, what do you see as the relative roles and substantive responsibilities of the Deputy Secretary and the Under Secretary for Acquisition with respect to the relationship of each to: (1) the Secretary of Defense; (2) the Service Secretaries; and (3) the Service Acquisition Executives? How do your views compare with the basic philosophy of the Packard Commission's acquisition reforms?

Answer 9. One of the first requirements of effective management is clear lines of responsibility and authority, so that individuals can be properly held accountable for their performance. The departmental lines of responsibility and authority will be clear and will flow from the Secretary, to the Deputy Secretary, to the Under Secretary for Acquisition. The Under Secretary for Acquisition will work with the Secretaries of the Military Departments and their Service Acquisition Executives to ensure that the acquisition policies are followed and that the process works efficiently. This approach is consistent with applicable law and the Packard Commission's recommendation.

Question 10. U.S. Special Operations Command Budget Authority. As you may know, on January 24, 1989, Secretary Taft assigned certain budget development and execution responsibilities to the Commander-in-Chief of the U.S. Special Operations Command (CINCSOC). Given the opposition within the Department of Defense to congressionally mandated special operations forces reforms, there may be resistance to this change in budget responsibilities. If you are confirmed as Deputy Secretary of Defense, will you give high priority to ensuring that CINCSOC can effectively carry out this responsibility?

Answer 10. Yes, I will. I should add that I have no reason to believe that Secretary Taft's directive will not be implemented. However, I will continue to monitor its progress.

Question 11. Lack of a Mission Orientation. There has been concern about the lack of a mission orientation in the Washington headquarters of the Department of Defense. The Department's Washington components are organized principally along functional lines (e.g., manpower, research and development). Given your experience in the corporate world, where organizations are structured most frequently on product lines, are you concerned that the functional structure of the Pentagon's top management headquarters does not provide a sharp focus on military missions, the Department's product lines? If so, what organizational changes would you proposed?

Answer 11. In general, most commercial organizations are matrix in nature and contain both functional and product line features. In this regard, the combatant armed forces are structured along mission lines into unified and specified commands, in contrast to the Washington headquarters, which are structured along functional lines. I would think that the functional orientation at the headquarters level would assist in integration of policy and in performing certain services of common concern. Reorganizing Washington headquarters along mission lines rather than functional lines might well introduce a number of unnecessary duplications in the activities of a military department, thereby reducing efficiency.

I am inclined not to make headquarters organizational changes under the current circumstances. It is probably more important at this time simply to get people into place within the present organization. Having said that, if experience shows that organizational changes are necessary, we will certainly make them.

Question 12. Execution Oversight and Control. The Department of Defense's principal management control system, the Planning, Programming, and Budgeting System, has been criticized as too "forward looking," without adequate attention to oversight and control of policy and program execution. Do you believe that this criticism has merit? If so, how can this problem be corrected?

Answer 12. A planning, programming and budget system should be forward looking. If policy control or program execution is poor, that may be a failure of line management or commanders, rather than a failure of the planning, programming and budgeting system. I am not in a position at this time to evaluate whether the Department has fallen short on oversight and control of policy and program execution, but the fact that the Committee finds it necessary to raise the question indicates to me that the matter does need attention and will receive it.

Question 13. Relationship Between the Defense Acquisition Board and the Defense Resources Board. At a Department of Defense Acquisition Leadership Conference last July, considerable concern was expressed about the disconnect between acquisition decisions made by the Defense Acquisition Board and the subsequent funding decisions made by the Defense Resources Board. What should be the relationship between those two decision-making councils?

Answer 13. The Defense Acquisition Board is the primary forum for Department of Defense components to resolve issues, provide and obtain guidance, and make recommendations to the Under Secretary of Defense for Acquisition on matters concerning the Department's acquisition system. The Defense Resources Board is the primary forum for resolving or making recommendations on budget issues. The membership of both boards should ensure that the boards work together closely. Clearly, we cannot have acquisition decisions made without regard to practical resource constraints.

Question 14. Defense Management Review. In his State of the Union Message to the Congress on February 9th, President Bush announced that he had instructed the Department of Defense to conduct a defense management review. What is the scope of this review and when will it be completed?

The Defense Management Review encompasses Department of Defense organization, personnel, functions, and government-industry relationships. The review is intended not only to identify problems, but more importantly to recommend potential solutions. The Secretary of Defense is expected to submit the results of the review to the President not later than May 10, 1989.

Question 15. If confirmed as Deputy Secretary of Defense, you will, as Secretary Cheney's deputy and alter ego, participate with him, and in his absence, act for him in reviewing contingency plans prepared under the direction of the Chairman of the Joint Chiefs of Staff and approving force deployment and execution orders and rules of engagement recommended by the Chairman. Given you lack of military operational experience, how do you envision preparing yourself for these responsibilities?

Answer 15. A Secretary or Deputy Secretary of Defense exercises sound judgment based on the best information available when a decision must be made. The judgment needed is that developed in a lifetime of experience.

Since the President announced his intention to nominate me as Deputy Secretary of Defense some weeks ago, I have spent a great deal of time in briefings and in less formal consultations with the civilian and military leadership in the Department. This process, which I plan to continue, has been of great assistance in the matters which the question addresses.

I should add that I know what life is like for the men and women on the other end of the chain-of-command, from my service as an enlisted person in the Army Signal Corps in the China-Burma-India Theater of Operations during the Second World War. It is important for the leadership of the Department to remember when reviewing plans and deploying forces that the orders given will have potentially profound effects on the lives of the young American men and women who will ultimately carry them out.

I appreciate very much the opportunity to provide my views to the Committee in advance of the hearing on my nomination. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

DONALD J. ATWOOD

[Questions for the hearing record with answers supplied follow:]

QUESTION SUBMITTED BY SENATOR SAM NUNN

OVERSIGHT OF SPECIAL ACCESS PROGRAMS

Senator NUNN. The Department has a number of so-called "special access programs." The Pentagon generally categorizes them into three major areas: acquisition, intelligence-related, and operational. The Committee has always insisted on strong oversight and accountability for the programs, both in the Pentagon and in our own procedures.

What will you do to ensure that there is vigorous oversight and accountability in these special access programs and what will you do to ensure that the Pentagon itself is coordinated in its management of the three areas?

Mr. ATWOOD. The current management structure for special access programs (SAPs) is designed to provide the senior OSD leadership with the necessary oversight to execute these activities properly. This structure within the Office of the Secretary of Defense (OSD) is as follows:

The Under Secretary of Defense (Policy) has overall responsibility for SAP security policy and oversight of operational SAPs;

The Under Secretary of Defense (Acquisition) has oversight of acquisition SAPs;

The Assistant Secretary of Defense (C^3I) has responsibility for oversight of intelligence SAPs;

The Assistant to the Secretary of Defense (Intelligence Oversight) provides an overall independent look at sensitive intelligence activities in which the Department is involved.

The DOD Inspector General's responsibility includes audits, inspections, and investigations of DOD SAPs in accordance with applicable law.

The Deputy Secretary reviews DOD SAPs as part of the budget process. It is intentional that no single office below the Deputy Secretary has complete central management control of all DOD SAPs for security reasons.

As a result of DOD and independent reviews of policies, procedures, and management of SAPs, a number of changes to enhance control and oversight management of these programs have been initiated. Improvements in this area include recent revisions to DOD Directive 5205.7, "Special Access Program Policy" dated January 4, 1989, which updated basic Departmental policy for SAPs and DOD 5200.1-R, "Information Security Program Regulation," effective June 1, 1988.

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

AUTHORITY TO SUPERVISE

Senator DIXON. Mr. Atwood, the Packard Commission recommended that the Under Secretary of Defense for Acquisition have the power ". . . to supervise the performance of the entire acquisition system. . . ." Now, according to Webster's Third International Dictionary, the word "supervise" means "to coordinate, direct, and inspect continuously . . . oversee with the powers of direction and decision the implementations of one's own or another's intentions." Do you agree with that definition?

Do you believe that the Under Secretary of Defense for Acquisition should have the authority to supervise the entire Department of Defense Acquisition System, to include having direct authority in procurement matters over the individual military services?

Mr. ATWOOD. [The following letter to Senator Nunn inserted in response to these questions.]

DONALD J. ATWOOD,
April 10, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: During last Wednesday's hearing on my nomination to be Deputy Secretary of Defense, I was asked to expand upon my written response to your pre-hearing Question 9, regarding the relationships among the Under Secretary of Defense for Acquisition (USD(A)), the Deputy Secretary of Defense, the Service Secretaries and the Service Acquisition Executives.

The legislative history of the Statute that created the USD(A) position, and the subsequent hearings conducted by the Senate Armed Services Committee relating to the Department's implementation of the statute, provide clear statements of Congressional intent on the relationship between the USD(A) and the other Departmental officials identified in Question 9. The USD(A) is responsible for the supervision and direction of the Department's acquisition system, subject to the Secretary's authority, direction, and control. He is responsible for the formulation of policy regarding the full range of matters encompassed within the Department's acquisition system. It is expected that his policy will be implemented by the Secretaries of the Military Departments and their Services Acquisition Executives.

It is clear to me from the Senate Report accompanying the legislation that created the USD(A) position (Senate Report 100-331) that, since the USD(A) will be held accountable for supervising the entire acquisition system, it is essential that he be empowered to enforce compliance with Defense-wide policies. In this regard, in the exceptional case where it may become necessary for the Under Secretary to issue a direction in an individual case, he has that power as provided by law. The Under Secretary will normally participate in or make programmatic decisions at relatively major programmatic decision points. To the extent that these decisions may differ with the wishes of a Service Secretary or a Service Acquisition Executive, the statute makes clear that the decisions of the Under Secretary will prevail in his area of responsibility. I believe that the DOD Directive specifying the responsibilities, functions, relationships, and authorities of the USD(A), revised following the Senate Armed Services Committee's September 22, 1987 hearing, seeks to embody this understanding.

With respect to the relationship between the Deputy Secretary and the USD(A), the law is clear that the USD(A) is subject only to the authority, direction, and control of the Secretary of Defense. If the Deputy Secretary of Defense is to exercise supervision or exercise approval authority regarding acquisition policies, directives, or other decisions of the USD(A), it would be done only in the capacity of acting for the Secretary under a delegation of the Secretary's authority.

The foregoing captures my understanding regarding the intent of the Congress regarding the relationships among the USD(A), and the Deputy Secretary of Defense, the Secretaries of the Military Departments, and the Service Acquisition Executives.

Sincerely,

Donald J. Atwood.

ACQUISITION SYSTEM "ILL"

Senator Dixon. The Packard Commission Report stated that the Defense Acquisition System is "fundametally ill" and that it can only be improved through major institutional changes. In your opinion is the Defense Department's Acquisition System "fundamentally ill"?

Mr. Atwood. The Defense Acquisition System needs to be improved, and we are currently looking at various options for improvements in the Defense Management Review the President directed us to carry out. We are looking at alternatives for improving people and organizations, the planning process, the practices and procedures in the acquisition process, and the government-industry relationship.

Question Submitted by Senator Richard C. Shelby

CRYOFRACTURE REINSTATEMENT

Senator Shelby. Mr. Atwood, you may be aware that there is a program in progress that is designed to dispose of the large stockpile of obsolete toxic chemical munitions that are stored at eight sites throughout the country. The latest estimate on the cost of the effort is approximately $3 billion. Everyone is concerned because a program of that magnitude consumes dollars that we would like to be using for other programs but the fact of the matter is that these old munitions have to be safely disposed of—the problem won't go away by itself. I am personally concerned because one of the storage sites is in the State of Alabama.

The Congress has been working closely with the Department of Defense to ensure that a safe and efficient program is conducted. There were two disposal concepts being developed. One is the disassembly method and the other a more advanced technology approach called cryofracture that uses robotic equipment. The Congress has supported the development of both of these concepts and provided direction and funds to construct and test a full-scale plant of each type.

A recent decision by your predecessor cancelled the cryofracture program and derailed the program that would have continued both concepts until one was proven effective. This action which contradicts the congressional direction was apparently made to reduce the 1990 budget request. There has been considerable congressional reaction to this decision because it greatly increases the risks of safely disposing of this material and will greatly increase the program costs if the disassembly plant does not work as well as predicted. The facts are that the decision appears to have been based on the short-term cost reduction without adequate consideration of congressional concerns, overall program costs and the absolute necessity for public confidence in the operation of the disposal plants.

Would you comment on this situation as well as how you will handle similar situations as the Deputy Secretary of Defense?

Mr. ATWOOD. The Defense Department is aware of the congressional interest in the cryofracture chemical demilitarization program. Given overall budgetary constraints, as well as uncertainties regarding schedules and the technologies involved, the Department determined last year that the cost of developing an alternative destruction technology (some $250 million) was not justified. The Army is confident, based on several years experience, that the disassembly and incineration technology is safe and will meet our requirements.

QUESTIONS SUBMITTED BY SENATOR WILLIAM S. COHEN

SUBSTITUTE PRODUCT

Senator COHEN. Mr. Atwood, since January of this year the Air Force has been aware of a product substitution allegation arising from a small (under $200,000) contract awarded by Loring Air Force Base, Limestone, Maine, for installation of energy conservation devices on oil heaters (fuel oil preheaters).

The substitute product does not comply with the contract specifications.

There is no demonstrated proof that the substitute product will conserve energy as does the specified one.

The contractor will obtain a $60,000 windfall on this contract because of the Air Force's acceptance of the substitute product.

There was no competitive bidding based on the substitute product.

My questions about this matter are as follows:

Question a. Why has the Air Force accepted a product that does not conform to specifications?

Mr. ATWOOD. The Air Force contracting officer, with advice from the Base Civil Engineer, reviewed the fuel oil preheater proposed by the contractor, determined the substitute product in question did meet the specifications and that it would perform in a satisfactory manner. The requirement in the bid solicitation specified a brand name "or equal" product. The proposed product was determined to have met the "or equal" requirement.

Question b. Why would the Air Force accept a substitute that is not equal to the product that is specified?

Mr. ATWOOD. The contracting officer's decision was that the product did meet the specification to save energy. The Air Force is investigating the appropriateness of that determination. The decision on this matter should be made soon.

Question c. Why would the Air Force approve an item for an energy conservation contract that has no track record of saving energy, when it has paid for one that does?

Mr. ATWOOD. The proposed substitute product is a commercially available fuel oil preheater and is not a new product.

SECURITY ASSISTANCE PROGRAMS

Senator COHEN. Mr. Atwood, a few weeks ago the Projection Forces and Regional Defense Subcommittee of the Senate Armed Services Committee received testimony from the Commandant of the Marine Corps in which he expressed concern about the effectiveness of U.S. security assistance programs. Do you share the Commandant's concerns? What proposals do you have for increasing the effectiveness of U.S. security assistance programs?

Mr. ATWOOD. The United States security assistance effort needs more funds and fewer restrictions.

Funding for Foreign Military Sales Financing (FMSF), the Military Assistance Program (MAP), and the International Military Education and Training Program (IMET) have declined by $1.7 billion or 26 percent since fiscal year 1984. At the same time, the percentage of the FMSF and MAP appropriations earmarked by Congress for a few favored programs has increased from 49 percent to 94 percent. As a result, other highly important programs, such as El Salvador and Jordan, are funded well below the levels they need just to sustain their existing U.S. equipment, much less to undertake needed force modernization. Twenty other country or regional programs—almost half of those funded in fiscal year 1984—have lost their FMSF/MAP funding altogether.

Our implementation of assistance and sales programs is also handicapped by legislative restrictions and numerous reporting requirements. The net result of these funding shortfalls and restrictions is to seriously impair the contribution of security assistance to U.S. national security. That includes the role of security assistance in enhancing coalition defense by helping friends and allies assume a greater share of the common defense burden; promoting defense cooperation with friends and allies, including access to important foreign military facilities; deterring or managing conflict through friendly, rather than U.S., forces; and building useful military-to-military relations with a wide variety of countries across the globe. Obstacles that block legitimate defense sales also hurt the U.S. in terms of lost jobs and revenues, foregone economies of scale in DOD procurement, and constriction of the U.S. defense industrial base.

There are a number of things that can and should be done to improve this situation. First, security assistance should be more adequately funded—at the least, it should not suffer disproportionate funding reductions relative to other assistance programs. Second, the trend of increasing earmarking of security assistance funds should be stopped and reversed. Substantially reduced earmarking would do much to mitigate the damage of funding levels that fall significantly short of the President's budget request. Third, other restrictions that impede the efficient use of scarce assistance funds or hinder the sale of needed defense equipment to friends and allies should be reduced or eliminated.

[The nomination reference of Donald J. Atwood follows:]

Nomination Reference

As in Executive Session,
Senate of the United States,
March 17, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Donald J. Atwood, of Massachusetts, to be Deputy Secretary of Defense, vice William H. Taft, IV, resigned.

[The biographical sketch of Donald J. Atwood, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Donald J. Atwood

Donald J. Atwood was elected vice chairman of the Board of General Motors; on May 22, 1987. He was also elected a member of the Finance Committee and will continue as a member of the Executive and Administration Committees. Mr. Atwood has responsibility for Electronic Data Systems (EDS), GM Hughes Electronics (GMHE), and the Technical Staffs. In this capacity, he will continue as President of GMHE. Additionally, Mr. Atwood was appointed president, Delco Electronics Corporation, on June 27, 1988.

Mr. Atwood served as executive vice president of General Motors and a member of the Corporation's Board of Directors since January 1, 1984, and president of GM Hughes Electronics Corporation since August 5, 1985.

At the time of his election to the GM Board of Directors, he was vice president and group executive in charge of the worldwide Truck and Bus Group, a post he had held since November, 1981. Mr. Atwood is also a member of the Corporation's 10 top policy groups: Energy, Industrial Relations, Materials Management, Overseas, Personnel Administration and Development, Product, Public Relations, Research, Sales and Marketing, and Service.

Mr. Atwood was born May 25, 1924, in Haverhill, Mass. He attended the Massachusetts Institute of Technology and was awarded bachelor's and master's degrees in electrical engineering. While at MIT, he served on the technical staff of the Instrumentation Laboratory and was associated with the research work which pioneered the development of inertial guidance systems. In May, 1988, Mr. Atwood received an Honorary Doctor of Engineering Degree from Rose-Hulman Institute of Technology. He served in the U.S. Army from 1943 to 1946. Mr. Atwood joined GM in 1959 as an associate director of the Boston Research and Development Laboratory of the AC Spark Plug Division. In 1961, he became director of the facility. The following year he was transferred to AC's Milwaukee operation as director of engineering. He became director of the Milwaukee Operations of AC Electronics (now Delco Electronics Division) in 1969. In 1970, when the Detroit Diesel Engine and Allison

Divisions were consolidated into the Detroit Diesel Allison Division, Mr. Atwood was named manager of the Indianapolis Operations.

In 1974, he became the first general manager of GM's new Transportation Systems Division and later that year was named general manager of the Delco Electronics Division in Kokomo, Indiana. In 1978, Mr. Atwood was named vice president and general manager of Detroit Diesel Allison Division. Three years later he was named vice president and group executive in charge of the Electrical Components Group, and in November 1981, he was given responsibility for the worldwide Truck and Bus Group.

Active in many civic and industry-related organizations, Mr. Atwood is a member of the Corporation of the Massachusetts Institute of Technology; a member of The Board of Directors of National Bank of Detroit; a member of the Board of Directors of the Charles Stark Draper Laboratory, Inc.; a member of the National Academy of Engineering; a former member of the Council of the National Academy of Engineering; a member of the Council of the National Academy of Engineering; a member of the Society of Automotive Engineers; a member of the American Institute of Aeronautics; a member of the Motor Vehicle Manufacturers Association (MVMA) Policy Committee; a member of the Board of Directors of the Michigan Opera Theatre; a member of the National Executive Board of the Boy Scouts of America; a member of the Board of Directors of the Automotive Hall of Fame, Inc.; and a member of the Commercial Space Advisory Committee.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Donald J. Atwood in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Donald Jesse Atwood, Jr.

2. **Position to which nominated:**

Deputy Secretary of Defense.

3. **Date of nomination:**

March 17, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

Date and place of birth:

May 25, 1924—Haverhill, MA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married—Curina Harian Atwood.

7. **Names and ages of children:**
Donald Jesse Atwood III—age 31—son.
Susan Atwood Lavoie—age 33—daughter.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Worcester Academy (Preparatory School)—1940 to 1941—graduated.

Massachusetts Institute of Technology—1941 to 1943 (entered U.S. Army June 1943; Honorable Discharge 4/46).

Massachusetts Institute of Technology—1946 to 1948—BSEE.

Massachusetts Institute of Technology—1948 to 1950—MSEE.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Description of job	Name of employer	Location	Dates
Vice Chairman	General Motors Corp	Detroit, MI	May 1987 to present.
Executive Vice President.	do	do	January 1984 to May 1987.
Vice President and Group Executive.	General Motors Corp., Truck and Bus Group.	Pontiac, MI	November 1981 to January 1984.
Vice President and Group Executive.	General Motors Corp., Electrical Components Group.	Detroit, MI	January 1981 to November 1981.
Vice President and General Manager.	General Motors Corp., Detroit Diesel Allison Div.	do	September 1978 to January 1981.
General Manager	General Motors Corp., Delco Electronics Division.	Kokomo, IN	October 1974 to September 1978.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

I will resign each of these positions upon confirmation:

Vice Chairman and Member of Board of Directors, General Motors Corporation, Detroit.

Member of Board of Directors of The Charles Stark Draper Laboratory, Inc., Cambridge, Massachusetts.

Member of Board of Directors of National Bank of Detroit, Detroit, Michigan.

Member of Board of Directors, Automotive Hall of Fame, Inc., Midland, Michigan.

Member of Board of Trustees, Community Foundation for Southeastern Michigan, Detroit, Michigan.

Member of Board of Directors, Motor Vehicle Manufacturers Association (MVMA) Detroit, Michigan.

Member of Board of Directors, National Action Council for Minorities in Engineering, Inc. (NACME), New York.

Member of Board of Directors, Michigan Opera Theatre, Detroit, Michigan.

Member of the Corporation, Massachusetts Institute of Technology, Cambridge.

Member of Board of Councilors, University of Southern California School of Engineering.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

	Name of organization	Nature of affiliation/office held, if any	Location of organization and State
Membership:			
May 1979 to present	Bloomfield Hills Country Club	Social	Bloomfield Hills, MI.
January 1983 to present	The Charles Stark Draper Laboratory, Inc.[1]	Member, board of directors (professional)	Cambridge, MA.
October 1979 to present	National Academy of Engineering	Honorary—member	Washington, DC.
June 1984 to present	Massachusetts Institute of Technology[1]	Professional—member of corporation	Cambridge, MA.
June 1981 to present	Society of Automotive Engineers[1]	Honorary—member	Warrendale, PA.
June 1984 to present	Economic Club of Detroit[1]	Professional—member	Detroit, MI.
September 1982 to present	Automotive Hall of Fame[1]	Professional—member of board of directors.	Midland, MI.
Approx. 1971 to present	American Institute of Aeronautics/Astronautics	Honorary—member	New York, NY.
May 1988 to present	Defense Policy Advisory Committee (DPACT)[1]	Professional—member	Washington, DC.
March 1988 to present	Community Foundation for Southeastern Michigan[1]	Professional—member of board of trustees.	Detroit, MI.
September 1987 to present	Motor Vehicle Manufacturers Association (MVMA)[1]	Professional—member of board of director and chairman of audit committee.	Detroit, MI.
January 1987 to present	National Action Council for Minorities in Engineering, Inc. (NACME)[1].	Professional—member of board of directors.	New York, NY.
July 1987 to present	National Bank of Detroit[1]	Professional—member of board of directors and trust committee.	Detroit, MI.
January 1988 to present	SAE Foundation	Fraternity—member of board of trustees	Warrendale, PA.
November 1987 to present	University of Southern California School of Engineering[1]	Professional—member of board of councilors.	Los Angeles, CA.
July 1981 to present	Michigan Opera Theatre[1]	Civic—member of board of directors	Detroit, MI.
June 1979 to present	Boy Scouts of America	Civic—National Executive board advance councilors.	Do.
January 1975 to November 1978	Kokomo Rotary Club	Member	Kokomo, IN.
Do	Kokomo Country Club	do	Do.

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[1] Will resign upon confirmation.

13. **Political affiliations and activities:** (a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Date and name	*Amount*
June 20, 1988 Pat Williams for Congress Campaign	$100
May 23, 1988 John D. Dingell for Congress	100
March 24, 1988 Senate Republican Majority Committee	1,000
February 8, 1988 Friends of Dick Lugar	500
Civic Involvement Program:	
1988	1,100
1987	1,200
1986	1,100
1985	1,200
1984	1,100

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Sigma Xi—Massachusetts Institute of Technology.

Good Conduct Medal—U.S. Army.

China-Burma-India Ribbon.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I was not told why I was chosen for this nomination, but I surmise that President Bush was committed to bringing someone with management experience similar to my own into this position.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have devoted my career to research, engineering and management positions. That practical experience in the private sector should be helpful in approaching management responsibilities at the Department of Defense.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Donald Jesse Atwood, Jr.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

4. Have you or your spouse ever registered under the foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require the copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

DONALD J. ATWOOD.

This 16th day of March, 1989.

TO VOTE ON THE NOMINATION OF DONALD J. ATWOOD TO BE DEPUTY SECRETARY OF DEFENSE AND PENDING MILITARY NOMINATIONS

TUESDAY, APRIL 18, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to recess, at 11:12 a.m. in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Kennedy, Dixon, Glenn, Wirth, Shelby, Warner, Thurmond, Cohen, Wilson, McCain, Gorton, and Lott.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel.

Minority staff members present: Patrick A. Tucker, minority staff director.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. All required information has been received on Mr. Atwood. The Chair would entertain a motion to report Mr. Atwood's nomination to the Senate with a recommendation that he be confirmed.

Senator Exon. So move.

Chairman NUNN. Is there a second?

VOICE. Second.

Chairman NUNN. There is a motion and a second. All those in favor signify by saying aye.

[A chorus of ayes.]

I note that a quorum is present. Senators will be able to record their vote and the clerk will note who is here voting aye.

Is there any objection?

[No response.]

Without objection, the nomination is passed.

In addition, we are ready to consider 8,733 pending military nominations that have been before the committee the required length of time to which no objection has been raised. Is there a motion?

Senator THURMOND. I move that they be approved.

Senator DIXON. Second.

Chairman NUNN. All in favor signify by saying aye.

[A chorus of ayes.]

[List of pending military nominations follows:]

MILITARY NOMINATIONS WHICH HAVE BEEN PENDING IN THE SENATE ARMED SERVICES COMMITTEE THE REQUIRED LENGTH OF TIME AND WHICH ARE PROPOSED FOR THE COMMITTEE'S CONSIDERATION ON APR. 18, 1989

1. In the Air Force there are 51 appointments to the grade of brigadier general (list begins with George K. Anderson) (Reference No. 73).
2. In the Marine Corps there are 12 promotions to the grade of brigadier general (list begins with Wayne T. Adams) (Reference No. 83).
3. In the Marine Corps Reserve there are two promotions to the grade of brigadier general (list begins with John Thomas Coyne) (Reference No. 84).
4. In the Navy there are 22 promotions to the grade of rear admiral (list begins with Ralph Whitaker West, Jr.) (Reference No. 90).
5. In the Navy Reserve there are 7 promotions to the grade of rear admiral (list begins with Stephen Gordon Yusem) (Reference No. 94).
6. In the Army there are 94 promotions to the grade of colonel (list begins with Michael D. Benner) (Reference No. 114).
7. In the Army there are 1,209 promotions to the grade of lieutenant colonel (list begins with Ralph P. Aaron) (Reference No. 115).
8. In the Naval Reserve there are 8 promotions to the grade of rear admiral (lower half) (list begins with Thomas Christopher Irwin) (Reference No. 160).
9. In the Army Reserve there are 605 promotions to the grade of colonel and below (list begins with Joseph E. Abodeely) (Reference No. 165).
10. In the Navy there are 342 promotions to the grade of captain (list begins with Randall Otto Abshier) (Reference No. 166).
11. Colonel Robert E. Brady, USA, to be brigadier general (Reference No. 172).
12. Vice Admiral Robert F. Dunn, USN, to be placed on the retired list in the grade of vice admiral (Reference No. 173).
13. Vice Admiral Edward H. Martin, USN, to be placed on the retired list in the grade of vice admiral (Reference No. 174).
14. Vice Admiral Stanley R. Arthur, USN, to be reassigned in the grade of vice admiral (Reference No. 175).
15. In the Army Reserve there are 80 promotions to the grade of colonel and below (list begins with Howard M. Bowe) (Reference No. 186).
16. In the Army Reserve there are 79 promotions to the grade of colonel and below (list begins with Naman X. Barnes) (Reference No. 187).
17. In the Army Reserve there are 79 promotions to the grade of colonel and below (list begins with Charles W. Ackerman) (Reference No. 188).
18. In the Army Reserve there are 3,045 promotions to the grade of colonel and below (list begins with Merritt J. Aldrich) (Reference No. 189).
19. Rear Admiral (Selectee) John K. Ready, USN, to be vice admiral (Reference No. 192).
20. In the Air Force there are 7 promotions to the grade of major (list begins with Linda L. Boyle) (Reference No. 198).
21. In the Army there are 190 promotions to the grade of lieutenant colonel and below (list begins with Jose Aguirre) (Reference No. 202).
22. In the Naval Reserve there are 462 promotions to the grade of captain (list begins with Bruce Charles Adams) (Reference No. 204).
23. In the Air Force Reserve there are 19 promotions to the grade of lieutenant colonel (list begins with Elmer D. Ballard) (Reference No. 211).
24. Lieutenant General John L. Ballantyne III, USA to be placed on the retired list in the grade of lieutenant general (Reference No. 213).
25. In the Air Force there are 5 promotions and appointments to the grade of lieutenant colonel and below (list begins with Darrell L. Cook) (Reference No. 219).
26. In the Army there are 2,402 promotions to the grade of major (list begins with George W. Abbott) (Reference No. 220).
27. Major General George L. Butler, USAF, to be lieutenant general (Reference No. 244).
28. Brigadier General Philip G. Killey, ANG, to be major general (Reference No. 245).
29. Major General Henry Viccellio, Jr., USAF, to be lieutenant general (Reference No. 246).
30. Colonel Donald W. Shepperd, ANG, to be brigadier general (Reference No. 247).

31. Lieutenant General Edward Honor, USA, to be placed on the retired list in the grade of lieutenant general (Reference No. 248).

32. Vice Admiral Jonathan T. Howe, USN, to be admiral (Reference No. 249).

33. Vice Admiral John A. Baldwin, USN, to be reassigned in the grade of vice admiral (Reference No. 250).

34. Major General James S. Cassity, Jr., USAF, to be lieutenant general (Reference No. 264).

Total: 8,733.

Chairman NUNN. Senator Levin has said he would report Mr. Atwood's nomination. Is there any objection to that?

[No response.]

Without objection, Senator Levin will report the nomination.

Senator DIXON. Mr. Chairman, may I have leave to make a very brief statement now about 1 minute in length to go into the record before the rollcall takes place?

Chairman NUNN. The clerk will permit all members to be recorded on Mr. Atwood's nomination. We will keep the record open until 1 o'clock.

Senator Dixon is recognized.

Senator DIXON. Mr. Chairman, very quickly, the members of the committee will remember that I questioned Mr. Atwood about his answer to question 9 that was put to him by the Chair. I was not satisfied with his written answer to that question at the time.

I want to express my appreciation for the fact that our General Counsel, Andy Effron, and others met with Mr. Atwood at length. He has given me a letter dated April 10, 1989, which entirely satisfies this Senator concerning the powers and the duties of the Under Secretary of Defense for Acquisition that I think is thoroughly in compliance with the law we passed, and I want to thank Andy and others on the committee for doing that.

On the basis of this letter, which I now ask be introduced in the record, Mr. Chairman, I want the record to show that I am delighted to vote aye in support of the confirmation of Mr. Atwood, and ask that this be in the record prior to the vote itself on Mr. Atwood.

[The information referred to is contained in Mr. Atwood's nomination hearing record.]

Chairman NUNN. Thank you very much, Senator Dixon. Senator Warner.

Senator WARNER. I thank the Chair. Let me just briefly restate for the record here in open session some comments I made in our earlier executive session concerning certain contacts the chairman and I have had with the Attorney General and certain U.S. attorneys with respect to Mr. Atwood's nomination and other nominees.

The chairman and I, together with members of the committee, have worked with the Attorney General and the U.S. attorneys, and in each instance it is my judgment that the Attorney General and the U.S. attorneys have stayed within the confines of rule 6(e) of the Federal Rules of Criminal Procedure and we have done our very best to fulfill the obligations of the committee.

But in no instance, in my judgment, has there been any transgression of that rule which in any way should impact on ongoing examinations by various grand juries.

Chairman NUNN. Let me add and reiterate that Senator Warner's statement about rule 6(e) is very important. We have gone as far as we can in pinning the U.S. attorneys down and the Attorney General down on the "Ill Wind" investigation and other matters.

There is a limit to how far they will go; therefore, there is a limit to how far we can assure you that everything is okay. But right now, within that context, we have done what we can do on that.

Senator LOTT. Mr. Chairman, is it necessary for us to publicly state our position favorably or unfavorably on Mr. Atwood's nomination?

Chairman NUNN. I think we went into open session before people had come back in. In open session it can be stated that Mr. Atwood's nomination was voted on. There was a quorum present. The members that were here at that time were recorded. I announced that the vote would remain open until 1 o'clock so, Senator Lott, the answer is——

Senator LOTT. I would like to be recorded in the affirmative, and I would like to make one brief comment.

I would like to say that I appreciate the fact that, on checking into it, the chairman and ranking member had been urging this opportunity to go ahead and vote on this number two position in the Defense Department.

Sam, I am very frustrated with the way these nominations are being handled and the inordinate delays which are occurring, not by actions of this committee but by actions of the White House and the administration. I think it is a very bad situation, and I hope some way can be found to move these nominations along.

But I know the chairman and the ranking member encouraged this vote, and I want to express my public appreciation for it, and also vote affirmatively for the nominee.

Senator WARNER. Mr. Chairman, in response to Senator Lott, the chairman and I have done everything we can, and we purposely asked Mr. Atwood to come up this morning so we could explain to him each step of the procedure, so that he understood—and I think he appreciated that, Mr. Chairman—as to where the delays were taking place.

Chairman NUNN. Thank you, Senator Warner.

Any other comments on Mr. Atwood's nomination? We also passed out the routine military nominations which have been before the committee the required time.

Senator Wilson.

Senator WILSON. Mr. Chairman, I have already recorded my vote with the committee staff favorably on Mr. Atwood's nomination. I would simply add that I do so with enthusiasm. I think that Mr. Atwood has indicated not only a high capability but an uncommon dedication, and I think we are very, very fortunate that he has agreed to serve, and I expect that his service will be distinguished.

I would only add that I think that the chairman and the ranking member are to be commended for attempting to move these nominations along, and I am sure that the Secretary, among others, will be grateful for the progress that we are able to achieve in that respect.

Thank you.

Senator WARNER. Mr. Chairman, at this point, in response to Senator Wilson's comment, would you care to acquaint the committee with the status of the nominations?

Chairman NUNN. We have been informed that Ambassador Wolfowitz's nomination has been received. I believe it was received as of yesterday afternoon.

Senator WARNER. Late last night.

Chairman NUNN. And has the paperwork been brought in yet? Do we have all the paperwork?

Mr. PUNARO. Mr. Chairman, we do not have all of the paperwork, but we have enough paperwork that we have been processing in advance of receiving the nomination. There is some more expected in this afternoon. It is believed that tentatively we would be ready to go by tomorrow afternoon.

Chairman NUNN. And is Under Secretary Garrett's nomination in yet?

Mr. PUNARO. No, sir, it is not.

Senator WARNER. However, Under Secretary Garrett's nomination is anticipated any day.

Mr. PUNARO. His paperwork is not in nearly as advanced a stage as Ambassador Wolfowitz's nomination.

Chairman NUNN. We will tentatively schedule a hearing on Ambassador Wolfowitz tomorrow afternoon at 2 p.m. I have just been told we are going to have to shift that meeting to about 3:30, but we will have a meeting tomorrow afternoon on the Wolfowitz nomination.

I hope that we can get Mr. Atwood's nomination through the Senate floor, unless we run into unanticipated problems, sometime either tomorrow night or Thursday. If we do not run into a problem, I think we will be able to do that. I think it is very important that he be confirmed, if at all possible, prior to the Senate recess. That is the goal we have been trying to meet.

Any other questions on the nominations? Any other observations?

The record will be open for the purpose of recording the members votes until 1 o'clock.

At this point we will recall our witnesses and all the Senators who have not been able to ask questions and resume the hearing.

[Whereupon, at 11:18 a.m., the committee business meeting adjourned.]

[The nomination of Donald J. Atwood was reported to the Senate by Senator Carl Levin on March 18, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on March 19, 1989.]

NOMINATION OF PAUL D. WOLFOWITZ TO BE UNDER SECRETARY OF DEFENSE FOR POLICY

WEDNESDAY, APRIL 19, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met at 3:40 p.m. in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Warner, Thurmond, McCain, Gorton, and Lott.

Other Senators present: Senator Lugar.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Melissa A. Ramsey, receptionist.

Professional staff members present: Robert G. Bell, Richard E. Combs, Jr., Richard D. Finn, Jr., William E. Hoehn, Jr., and James R. Locher III.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Robert F. Bott, Brian D. Dailey, Judith A. Freedman, George W. Lauffer, and Durwood W. Ringo, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Kenneth N. Luongo, assistant to Senator Levin; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Phillip P. Upschulte, assistant to Senator Glenn, Terrence M. Lynch, assistant to Senator Shelby; Christopher K. Mellon, assistant to Senator Cohen; Anthony H. Cordesman, assistant to Senator McCain; Robert M. Soofer, assistant to Senator Gorton; Charles Pearcy, assistant to Senator Lott; Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The committee meets this afternoon to consider the nomination of Ambassador Paul D. Wolfowitz to serve as Under Secretary of Defense for Policy. On behalf of the committee, Paul, we extend a warm welcome to you and, of course, we are delighted to have Senator Lugar here to introduce you. You cannot be introduced by a better Senator. Senator Lugar has tremendous credibility with this committee and the entire U.S. Senate.

Ambassador Wolfowitz's family is still in Indonesia and not able to join us today.

The Under Secretary of Defense for Policy is a relatively new position in the Department of Defense, having been created in 1977. This is an extremely important position, especially during this period of dynamic changes in the national security environment.

The Under Secretary is the principal staff assistant and advisor to the Secretary of Defense for all matters concerning the integration of the plans and policies of the Department of Defense with overall national security objectives. The Under Secretary plays a major role in the interagency process, nuclear weapons policy, arms control policies, international military negotiations, political/military affairs, space policy, and the planning phase of the resource allocation process.

Ambassador Wolfowitz has had a distinguished career of public service after receiving a bachelor's degree from Cornell University and master and doctorate degrees from the University of Chicago.

Ambassador Wolfowitz joined the Arms Control and Disarmament Agency in 1973. In 1977 he was appointed as Deputy Assistant Secretary of Defense for Regional Programs in the Program Analysis and Evaluation office.

In 1981 Ambassador Wolfowitz began a series of assignments in the Department of State. He served initially as Director of the Policy Planning Staff and then as Assistant Secretary of State for East Asia and Pacific Affairs. Since 1986 Ambassador Wolfowitz has been the U.S. Ambassador to Indonesia.

Yesterday, Ambassador Wolfowitz submitted written answers to 16 questions on defense policy issues that I had forwarded to him. The Ambassador's submission was made available to the committee members as soon as we received it, and members may want to explore these questions in more detail with the nominee during this hearing. Without objection, this submission will be made a part of the record.

[The information follows the hearing record.]

Chairman NUNN. The committee has not yet received all of the required documents from the executive branch relating to this nomination, although we did have several advance drafts which permitted us to proceed with this hearing. Several of the official documents were delivered to the committee yesterday and today.

As of 12:30 today we had received the following items: The Ambassador's letter to the committee chairman, his completed committee questionnaire, his SF-278 financial disclosure report, and the related letters from the Director of Office of Government Ethics. The Acting General Counsel of the Department of Defense's staff will probably complete its review of these matters soon.

We have not yet received the required letter from the Counsel to the President detailing the scope of the background investigation.

Senator Warner and I have reviewed the FBI materials, and we will report to the committee on our review when we are prepared to vote on the nomination.

Ambassador Wolfowitz, you have been working on the administration's national security strategy review for several months now, and I know that you have a number of insights into the Department of Defense's strategic and policy planning, and so we look forward to discussing these matters with you today.

This committee has been very active in looking at the U.S. national security strategy and our military component. We had 19 hearings the year before last and many hearings last year and again this year on strategy, and we have tried our best to focus the national attention on the military strategy, the need to update it, the need to have an evolutionary process.

We are very pleased that the administration has undertaken this kind of strategic review in defense and in foreign policy, and so we will be looking forward to receiving that review. I understand it will be later in the year—in the spring and summer—and I am sure you will have a large input in that process when you get on board. So we are pleased to have you here today. And after Senator Warner has made his remarks, we will look forward to hearing from Senator Lugar introduce you.

Senator WARNER. Thank you, Mr. Chairman.

I have had the privilege of knowing this outstanding American for some time. He brings a very, very impressive set of credentials to this latest public service post. I might just add, Mr. Chairman, why I was slightly delayed. We just had a bipartisan meeting with the President on foreign policy and defense issues, and the President indicated that this strategic review to which the chairman just referred, would be completed in time for Mr. Baker's visit with Mr. Shevardnadze on the 10th of May, as I understand it.

There also is a defense management review, covering such issues as the Packard Commission and how we manage our scarce resources. And that, too, should be completed by the end of June.

The President recognized that both of these important executive branch policy making papers would not be in synch with the budget, but while he further indicated that certain decisions have to be made on an ad hoc basis in order to have an impact on the budget process, among them the ICBM decision. The President did not announce in any way at this meeting what his final decision would be.

Several of us present, Mr. Aspin and myself and others, expressed our views on strategic missile mobilization, and I concluded by stating that it would be my recommendation to him that a wide representation from the Congress, particularly the committees that have jurisdiction—our committee and the Appropriations Committee and quite possibly Foreign Relations and Intelligence—be solicited for their views before it is finalized because I felt that that one decision had a very heavy impact on the budget process.

Chairman NUNN. I think you are absolutely right, Senator Warner.

Senator WARNER. So, hopefully, we will be able to confirm the Ambassador. And I understand that you have been separated from your family now for practically 2 months during the course of your assistance to the administration in these areas. We are sorry that your wife and family could not be with us today. But I understand that they are back home in Indonesia. Well, not home, but at your post.

Ambassador, our warmest regards. Normally we recognize the members of the family as a part of the process here.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner.

Senator Lugar, we are delighted to have you.

STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR FROM THE STATE OF INDIANA

Senator LUGAR. Thank you very much, Mr. Chairman.

Members of the committee, I am honored to have this opportunity to be with you and with Paul Wolfowitz.

You have stated accurately, Mr. Chairman, and it is a remarkable story, the educational and academic background of the candidate today and his service to our Government in the defense capacities and in diplomacy, and so I shall not repeat those steps, but I would say simply that I came to know Paul Wolfowitz well during hearings in 1985 prior to the Philippine election.

The Foreign Relations Committee had commenced a comprehensive series of hearings on various parts of the world and Paul Wolfowitz and Rich Armitage were very important witnesses on more than one occasion and in published material.

I quoted Paul Wolfowitz's testimony at that time because he said that survival of the United States' bases in the Philippines were ancillary to the issue of encouraging democratic reforms in the Marcos government; that it was inevitable that failure to make the necessary reforms would mean the loss of the bases in 5 to 10 years, and he went on in the strategic sense of where we were to give an administration position that was substantially new and different to say the least.

It was intriguing to the committee, and it was the basis for a good bit of thought on the part of our Government, both the executive and legislative branches, throughout that fateful year prior to the elections in February.

I would say that following that, Paul's entry into the Far East as our Ambassador to Indonesia was especially propitious.

I had the privilege of being with him and his family in Indonesia in September of 1986, shortly after he arrived. In his own meticulous fashion he thought through every way in which a touring Senator might be effective and had given 3 by 5 cards with notes about each of the individuals and the objectives of our Government.

It was an exemplary way in which congressional delegations can do some good on occasion when they have a very original and creative ambassador who knows the territory and knows the people and his service in Indonesia has been extraordinary.

That is a country of great size and scope that we do not consider as often as we should. But, in part, success in that relationship can be attributed to his thoughtfulness, and his creativity.

And so I come before the committee today to mention that this is a man of very great scope and talent. He is well placed.

He has been hard at work, even though unconfirmed, in work for our Government that I think is essential and Senator Warner has alluded to the President's confidence that this kind of work must continue and that it must be done in a timely way and that the world continues to shift even as we consider these appointments and try to get the Government set up.

I am hopeful the committee will give good and fair consideration, and I am sure you will, to this nominee. And I am privileged to speak in his behalf.

Chairman NUNN. Thank you very much, Senator Lugar. I know you have other things to do. We welcome you remaining as long as you can but we also appreciate your being here.

Senator WARNER. Senator Lugar, we always welcome you before this committee. You are a very valuable liaison between the two committees.

Senator LUGAR. Thank you very much.

Chairman NUNN. He has introduced so many nominees, I am beginning to think that they have to be cleared through him. [Laughter.]

Senator Dixon has a prepared statement that he wishes inserted in the hearing record.

[The prepared statement of Senator Alan Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today's hearing is on the nomination of Ambassador Paul D. Wolfowitz, to be Under Secretary of Defense for Policy. I have reviewed the Ambassador's background and I am pleased to see that he attended the University of Chicago.

Ambassador Wolfowitz has served our country in many different posts and I think he is highly qualified for this position.

Our defense needs are predicated on the external threats we face. Although our major threat from the Soviet Union is beginning to lessen, we still face massive Soviet conventional forces in Europe, and threats to peace in many Third World countries. During this past year, alone, we have faced difficult challenges in the Persian Gulf and in Central America.

I welcome Ambassador Wolfowitz and look forward to hearing his thinking regarding the many difficult issues facing this country today around the world.

Thank you, Mr. Chairman.

Chairman NUNN. Mr. Ambassador, we welcome you here. You have a very distinguished career. I have worked with you myself and known you for a long time and admired you from a distance since you have been abroad. And so we welcome you before the committee, and we would be delighted to have any opening comments you would like to make before we get to questions.

STATEMENT OF PAUL WOLFOWITZ, UNDER SECRETARY OF DEFENSE FOR POLICY-DESIGNATE

Ambassador WOLFOWITZ. Thank you, Senator. I have a short statement. If I could just make it at the outset.

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today as the President's nominee to be the Under Secretary of Defense for Policy. I feel deeply honored by the confidence that President Bush and Secretary Cheney have placed in me and by the consideration the Senate is giving to my nomination.

I should also, for the record, state my appreciation and thanks to Senator Lugar for taking his valuable time to introduce me this afternoon.

If confirmed by the Senate, I will be assuming the responsibilities of the Under Secretary of Defense for Policy at a challenging time.

On the international scene, the world is changing rapidly, and it will require skillful and imaginative leadership on the part of the United States. In the area of U.S.-Soviet leadership, we face a much more energetic and effective Soviet leadership. The economic, political and military reforms being promoted by General Secretary Gorbachev, if successfully implemented, could improve dramatically the U.S.-Soviet relationship. But those changes are still very incomplete and highly reversible and the long-term implications for Soviet military strength are very ambiguous.

Moreover, the changed perception of the Soviet Union also presents us with major challenges to maintain our own strength and the cohesiveness of our alliances as we move toward that more hopeful future.

In Europe, our allies are committed to strengthening the European community, which presents both opportunities and challenges to the United States.

In the nations of the Pacific rim, where I served recently, we see extraordinary economic growth which, while it is a positive development, creates challenges of its own.

And in the Third World, we see continued conflict and tensions and increasingly sophisticated weaponry including ballistic missile technologies and chemical warfare capabilities.

At home, while we are enjoying a long period of economic expansion, the need to reduce the federal budget deficit has resulted in substantial cuts in defense spending. Recognizing these constraints and the need to respond to the many challenges we face, it is more important than ever that the Department of Defense invests the taxpayers' dollars wisely.

It often appears that programmatic decisions drive our policy and strategy, and I know this is a matter of concern to members of this committee. Secretary Cheney has made it clear that he intends to ensure that our policy and strategy drive our programmatic decisions and not the other way around. If confirmed, carrying out the Secretary's guidance in this regard will be one of my highest priorities.

I do not underestimate the many serious challenges we face, but I remain optimistic that we can meet them and take advantage of the opportunities before us. The policies that we have pursued over the past decade have been successful and with prudent adjustments, they provide a sound basis for continued success in the future.

Our economy is strong and vibrant, and our military capabilities have been strengthened. Our system of alliances remains strong and, if properly managed, they will continue to preserve the peace.

Mr. Chairman, the security of the United States is best served when it enjoys bipartisan support. President Bush has committed his administration to working with the Congress to develop and sustain such a bipartisan basis for U.S. national security policy.

If I may paraphrase a former member of this committee, a man whom I greatly admired, Senator "Scoop" Jackson, the late Senator from Washington, when it comes to national security, there are no Democrats and Republicans. There are only Americans.

I saw firsthand the benefits of bipartisan consensus during the difficult transition to democracy in the Philippines and, if confirmed, I will dedicate myself to fostering this bipartisanship in the defense area.

I look forward to answering any questions the committee may have.

Chairman NUNN. Thanks, Mr. Ambassador. Welcome to the Senate. We just had a vote up there, and that is normal for our hearings. We usually get into them about 5 minutes before we have a vote.

I think the best thing to do now since we completed your statement is to recess here for approximately 10 minutes, and we will all vote and come back here at approximately 10 after.

[Recess.]

Chairman NUNN. Mr. Ambassador, there have been a number of reports about the organization and management of the Defense Department, including the report of the Packard Commission a couple of years ago and others that have continued to point out that the quality of strategic planning; that is, planning for our national military and national security strategy, is in question. I guess that is the mildest way to put it. Some reports are very critical of the lack of strategic planning in the Department of Defense.

These criticisms suggest that the position that you will fill, Under Secretary of Defense for Policy, has a way to go before it achieves its potential in terms of strategic planning and I know there are other parts of the building also responsible for that, but do you have any observations about our defense strategy and any plans for the way you would go about addressing that and the role you would play in the current strategic review which the Bush administration has undertaken?

Ambassador WOLFOWITZ. I think, Senator, that I would say we have had a strategy that, depending upon whether you want to take it over the last 8 or 10 years, or over the last 40-year period has, in fact, been an extraordinarily successful strategy. Part of the reason we are seeing the world changing in a more positive way, and particularly seeing the Soviet Union changing in a more positive way, is because of that fundamental strategy, and I think that is an important point to set down at the outset.

Perhaps at times we are too comfortable with that, and that broad outline does not get examined carefully enough.

My own experience when I was in the Pentagon working in the late seventies was that we had a problem emerging in the Persian Gulf. I would have said that, in fact, it had emerged already and was there to be seen in the early seventies, but we only began to catch up with it toward the late 1970s. I think eventually we did, but we were slow about it.

Now we are in a period when precisely because of the success of that 40-year strategy, because of the changes in the world, as I said in my opening statement, the challenges are going to be particularly large. We are really going to have to think through fundamental assumptions, and the fact is, that a significant responsibility rests on the job for which I am being nominated to try and introduce more of that into the process.

It is sometimes said that the planning, programming, and budgeting process emphasizes programming and budgeting a great deal more than it does planning. I think we have to do the planning end of it better and clearly the office for which I am being nominated is going to have a major responsibility in trying to do that.

Chairman NUNN. I would certainly agree with your observation that over the last 40 years if you look at the broad national security strategy as policy, that it has been very successful, and I think we have reaped a number of benefits from that which are most noticeable in the last 4 or 5 years.

It has been a 40-year process. I think the criticisms have been more on the narrow component of that military strategy and the lack of updating, particularly with the Packard Commission, and the lack of a strategic military plan that can be used to measure the allocation of resources. That is where Packard came down very hard. In other words, what are we trying to achieve militarily. How do we know when we have gotten there?

I remember very well when Secretary Weinberger first came over to present before the committee a chart of how many Soviet tanks were produced and how many artillery tubes, planes, et cetera, et cetera, et cetera, and said this is why we have to do a whole lot more on defense. And he showed another chart with NATO and Warsaw Pact and all of that was correct.

But the question becomes very soon, when we get through doing all of this over a 5-year or 7-year, 8-year period; is it going to be any different? And the answer to that clearly is that those charts quantitatively have not changed.

So, the question is what is the Department of Defense trying to do with the dollars we spend. And I know in the broad sense it is to preserve freedom and preserve alliances, and basically secure the peace, and those kind of broad questions. But when you get down to the pure military strategy, I think we have a long way to go. And, of course, Admiral Crowe, is beginning to work that problem under his duties of the Goldwater-Nichols Act, which assigns the Chairman much more duty.

How do you see your job interrelating to the Joint Chiefs and their strategic planning?

Ambassador WOLFOWITZ. I think it is going to have to be extremely close, particularly with the kinds of responsibilities that they have been given under Goldwater-Nichols. And if I include in that the enhanced role of the CINCs and the much greater emphasis on mission orientation in planning and in budgeting, the whole emphasis on guidance for contingency planning, and on introducing net assessment into the process, those are all functions that fall in the policy area of OSD.

If we are going to properly advise the Secretary, it is essential that we be working closely with the Chairman and with the Joint Staff on those subjects.

Chairman NUNN. If you had to name your top three challenges in your new job as you envision it—and I assume you have had some conversations with Secretary Cheney on this—how would you list your top three priorities in your new job, assuming you are confirmed?

Ambassador WOLFOWITZ. I think I would say perhaps the number one priority is to continue the functions that I believe have been done very well so far and are absolutely essential to the Department, and that is serving as the Secretary's principal advisor on foreign relations matters pertaining to defense, including arms control.

And that is an area, where even during the period after Dr. Ikle's departure, when there was no Under Secretary, the two Assistant Secretaries for ISA and ISP functioned very effectively. It is clearly an essential role for the Department.

A strong Under Secretary can substantially assist the Secretary in performing that role. So, I would say that is my first priority.

My second priority is the kind of thing that we have been talking about in answer to the previous questions, to put the planning into the PPBS process, to develop a more substantial planning analysis capability within the policy group, and to try to make sure that that gets introduced into the PPBS process effectively.

And I think my third priority would be in the area of contingency planning, where I believe the Goldwater-Nichols bill specifically assigns responsibility to the Under Secretary. That is a function that for many years has been recognized as one that needs to be performed, and it has been effectively performed to some extent in the area of nuclear contingency planning, but we still have a long way to go in the area of general purpose forces.

Chairman NUNN. I recall several years ago when the invasion of Grenada came up, that President Reagan had been on public television making a speech and clearly enumerated the threat of the airfield being built in Grenada, and I believe that was 6 months to a year before we ever invaded Grenada and went in for the rescue mission, and yet there were no contingency plans for that.

There was very little in the way of planning and very little in the way of maps and very little in the way of information. Is that the kind of contingency planning you are talking about? If not, give us an example of the kind of contingencies you would envision. I am not talking about particular countries, but I am talking about the general thrust of what you view as contingency planning.

Ambassador WOLFOWITZ. I think there is a range. There are standard contingency plans that we work over regularly for major scenarios that we have been planning for for years, like the reinforcement of Europe.

It is important to have an understanding of how those plans work, both because they tend to drive requirements and because they may be built on assumptions that might, in fact, be different if there were different political guidance.

And so, I think it is important that the Secretary of Defense and the President have a proper understanding of what is in those kinds of large standard plans.

Another kind of planning is exactly the kind you mentioned where there is a situation developing that perhaps calls for some thinking about how we would use force if we had to. Clearly the military needs political guidance as to what those situations are, and what kinds of assumptions they ought to be making when they go into them.

I think more generally that the assumptions that underlie plans are things that one wants to try to work out as best as possible ahead of time so that we do not wake up suddenly in the middle of a crisis and discover that our whole posture is based on assumptions made by the military that to the political leadership do not make any sense at all.

Chairman NUNN. Thank you. My time has expired.

Senator Thurmond.

Senator THURMOND. Thank you very much, Mr. Chairman.

Mr. Chairman, I want to join you and the members of this committee in welcoming Ambassador Wolfowitz. He has had a distinguished career in the service of our country and has credentials which qualify him to be a key advisor to Secretary Cheney.

Ambassador Wolfowitz, President Bush and Secretary Cheney have nominated you for a position in which you will face some immediate challenges in view of Secretary Gorbachev's initiatives in both the START and conventional arms reduction talks. I believe your experience has prepared you for these challenges, and I wish you the best.

I have just three or four questions, Mr. Chairman. Should I proceed with those?

Chairman NUNN. Yes, sir.

Senator THURMOND. Ambassador Wolfowitz, the Goldwater-Nichols Department of Defense Reorganization Act mandates an increased role for the Commanders-in-Chief in defense planning. How will you interface with the Commanders-in-Chief and what role do you see them playing in policy formulation?

Ambassador WOLFOWITZ. Clearly there are major responsibilities, Senator, for developing the kinds of mission-oriented plans that the Goldwater-Nichols bill envisions. In developing the sort of advice that I would be working on to the Secretary about how to introduce that kind of mission orientation into our planning, programming, budgeting process, clearly I would need to work closely with them. Their advice is the basis on which we would be proceeding.

I think similarly they have major responsibility for doing net assessments. There is also, however, an OSD office of net assessment which is part of the policy group, which plays an essential role in identifying problem areas and identifying opportunities where the Soviets may have weaknesses. Making sure that those net assessment activities are cooperative ones and working in the same direction requires a very close relationship with the Chairman and with the members of the Joint Chiefs of Staff.

Senator THURMOND. Ambassador Wolfowitz, Secretary Gorbachev's unilateral force reductions have resulted in calls from some sectors that the President should respond with some equally dramatic gesture. What is your reaction to the Gorbachev initiatives, and what will you recommend to Secretary Cheney our response to the initiatives should be?

Ambaddador WOLFOWITZ. Clearly, Secretary Gorbachev is doing something significant. The reductions that he has announced in Soviet forces, and particularly in Soviet forces in central Europe, are substantial cuts in those forces. But the size of those forces, to begin with, was far too large, and that has to be borne in mind in the context of any kinds of responses that we are going to make.

We did not match the Soviets as they built up those forces over the last 20 years, and we cannot afford to match them as they are going down. What we can afford to do and what we have done in the talks in Vienna is to table a proposal that would make a dramatic improvement in the military balance essentially cutting in half the main categories of weapons in Europe, and I think that the area to work on is an agreement with the Soviets that would move us toward parity.

I think the good news is that, in fact, the Soviets have tabled a proposal themselves which is something we would never have seen 5 or 10 years ago that offers some possibility that that approach will actually work.

Senator THURMOND. Ambassador Wolfowitz, based on your experience as an Ambassador in Indonesia, could you tell us what the Asians think of the Gorbachev reforms?

Ambassador WOLFOWITZ. The Asians are realists, Senator, and they have been saying for some time that what they are interested in seeing is deeds. Gorbachev has made some grand initiatives to the Asian countries, speeches that have sounded very good. The reaction from the Asian countries is let us see actions.

Fortunately, there have been some positive actions. The Soviet withdrawal from Afghanistan is a significant one. It seems as though there may be some progress toward a settlement in Cambodia. That will be a significant thing, I think.

The Asian countries, though, still principally are going to look to the United States because of our economic strength, because of the role that we play as a commercial and economic power, and the Soviets have a long way to go to catch up to that.

If the restructuring that Gorbachev aims at in his economic reforms can succeed in restoring economic growth of a significant kind in the Soviet Union, then they may become major players in Asia. But I think right now the United States is the clear leader there.

Senator THURMOND. Ambassador Wolfowitz, General Richards, General Galvin's deputy in Europe, indicated in his prepared statement before the committee this week that with regard to nuclear modernization we need to develop the follow-on to Lance (FOTL) and acquire the SRAM-II tactical air-to-surface missile for dual capable aircraft in order to maintain deterrents in Europe at an acceptable level of risk. Does the administration agree with General Richards' statement and what level of importance does the administration place on FOTL modernization?

Ambassador WOLFOWITZ. I think we have made clear the importance that we attach to modernization of our theater nuclear posture, and I would point out, Senator, that I think part of that modernization is, in fact, going to lead to, or can lead to, a substantial reduction in the overall weapons that we need. So I think it not only can make our forces more effective, it can make them safer and reduce their overall quantity.

Exactly what has to be done, and at what pace, is something that, as you know, we are discussing intensively with our NATO allies at this point. I think we do not have an exact position on it, on where we are going, but I think the direction is very clear.

Senator THURMOND. That is all the questions I have, Ambassador Wolfowitz. I want to say that I think you are well qualified because of your education and experience and training to fill this position, and I would be very pleased to support you.

Ambassador WOLFOWITZ. Thank you very much, Senator.

Senator **THURMOND**. I would hope we could get to vote today. Do you think we can, Mr. Chairman?

Chairman **NUNN**. Senator Thurmond, I would like to, but we do not have all the required paperwork in, and we have two or three letters that are required by the committee that have not been received from the executive branch. I think they will be forthcoming, but we have really rushed the hearing so that when we get back we will be able to complete this, if we do not run into any problem, as soon as possible. And so I do not think we are going to be able to vote today unless there are some things arriving in the office now that we have not seen.

Senator **WARNER**. As a practical matter, Mr. Chairman, most of the other Senators are halfway out of town.

Chairman **NUNN**. I do not think we can get a quorum either. I never underestimate Senator Thurmond, though. If he says we need a quorum, he would probably be out there, and he might have one here. We do hope the Atwood nomination will be approved in the Senate today. I just checked on that a few minutes ago, and so far there are no Senators asking that it be held, and we hope that that one will be confirmed by the time the Senate goes out tonight.

Senator **THURMOND**. Thank you, Mr. Chairman.

Senator **WARNER**. Mr. Ambassador, I mentioned earlier that we have just been down to the White House at a meeting with the President on strategy and security issues. That comprehensive analysis of our strategic interests will be forthcoming here early in May, hopefully.

In 1992, there is to be a consolidation among the European nations of their trade and that represents probably the last major step in their effort to bring closer cooperation on between those nations. I think that is going to have a rather severe impact on our strategic interests in that area and, quite frankly, the ability to maintain as large a force as NATO now has. What thought has been given to 1992 in terms of the projections that you anticipate will be forthcoming in this strategic review?

Ambassador **WOLFOWITZ**. I certainly would agree with you, Senator, about the importance of that development, and I think its most obvious importance is in the economic area. The big question is will this become a Europe that opens up the borders within Europe but closes the borders to the outside world and becomes a protectionist bloc or will the opening of markets in Europe lead to a prosperity that can be shared with the rest of the world, including us.

I think that is essential. It is essential if one wants to say the broad strategic sense because I think strategy includes, has to include, the economic dimension.

There are aspects that specifically affect defense, particularly how it may impact on programs of defense industrial cooperation. The broad outlines of this are being addressed in that piece of the strategy review that looks at U.S.-West European relations and, in fact, it is the major—I would say one of the major subjects addressed in that.

I might explain, too, that my role in this review has been mentioned several times. My family's view of it is that I am a prisoner of the strategy review and, indeed, I would have been back in Jakarta some time ago had it not been for it.

I am working on 1 of 10 pieces all told. The piece that I am working on is the defense strategy review. There is one on U.S.-Soviet relations, there is one on U.S.-East European relations, there is one on U.S.-West European relations and that, in fact, is the area where the question you raised is being specifically addressed.

Senator **Warner**. In the context of the 1992 economic coalition, what is likely to be the relation between Eastern and Western Europe after 1992? Let us consider before 1992 and after 1992?

Ambassador **Wolfowitz**. Obviously a lot depends upon how things continue in Eastern Europe, but the kinds of developments we have seen in Poland that the President recognized with the initiatives he announced on Monday suggests the possibility, at least in some East European countries, of a much greater openness, much greater possibility of constructive interaction with the Western countries.

And I think clearly if Western Europe moves in the direction that I would like to see it move, which is to say not only openness within those borders, but openness to the outside world, it is going to be a major magnet attracting interests of the East European countries.

And I think the trend toward a much closer relationship between Eastern and Western Europe is one of the things that—and I think it is basically a constructive and healthy trend—one of the things we are facing in the next decade.

Senator **Warner**. Well, I firmly believe we have to look that far ahead as we work with the President in making this decision on the ICBMs right now.

Speaking just for this Senator, I lean toward trying to find within the budget the resources to provide both systems. What timetable that may be for individual systems and what dollar amounts remains to be seen.

But as I look further and further into the future, I am concerned about the ability to maintain large forces forward deployed. I am concerned about our ability to redeploy forces and, therefore, I think our strategic forces that are within CONUS, both of which would be mobile if the two systems are adopted, take on a very, very high priority.

Do you think we should be looking at those future years in terms of the 1989 decision now on the strategic ICBM?

Ambassador **Wolfowitz**. It is fundamental, especially when you talk about strategic forces, modernization. We are talking about capabilities that at their earliest will not appear until some distance into the decade And based upon past history, they are going to be around for 20 or 30 years.

Senator **Warner**. I know you cannot tell us about the report, but that is spelled out in there.

Ambassador **Wolfowitz**. We certainly intend to do it. I think any good look at strategy has to look at the difference between things that are in the present and things that are in the future and attempt to relate those properly.

Senator **Warner**. For a moment, let us talk about the special operational forces which, I think, have a very different priority among the membership of this committee. You have made no mention of it in your opening statement, at least I do not recall having seen it, and I read through it twice. Did you intend to allude to it in any particular sentence or place?

Ambassador **Wolfowtz**. It is in the answers to the written questions.

Senator **Warner**. I have not read those yet.

Ambassador **Wolfowitz**. There is no reason you should have. It is quite long.

Senator **Warner**. What is your viewpoint on those forces and how are you going to work with the Secretary and others to provide adequately for those forces.

Ambassador **Wolfowitz**. I think it is clear that those kinds of capabilities are extremely important. But though it remains essential that we devote probably the bulk of our resources to deterring nuclear war and deterring a major invasion of Europe, precisely if those policies work, that is not where our forces are going to be tested.

Where they are tested regularly is in what we call, for lack of a better word, low-intensity conflict. The kind of capability to operate in usual circumstances, and in politically uncertain conditions, and often operating in a way that supports the efforts of others more than putting our own troops in the front line, those are special kinds of capabilities, and are not the kind of thing you can assume. You simply have because you have bought a huge armed force, to deal with the Soviet Union.

So, I certainly share that concern then, which is what I believe resulted in the legislation creating the special Assistant Secretary, and I certainly believe that.

Senator **Warner**. You are strongly in support of the concept of Special Operations Forces?

Ambassador **Wolfowitz**. I think it is essential in our posture, yes, sir.

Senator **Warner**. Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Warner. We will be having a brief closed hearing after this open hearing, but I would like to complete all the open questions before we go into closed hearing.

Mr. Ambassador, last week Admiral Crowe came before the committee—I believe it was on Friday—and Senator Warner was talking about strategic forces. There is a lot in the deliberative process going on regarding that right now. But he stated last Friday, quoting him, "U.S. policy with regard to strategic forces is based upon the belief that in a deep crisis a nuclear power might act in a desperate and irrational fashion and launch an attack on the United States with limited or no strategic warning. Therefore, our strategic forces offensive or defensive should not be dependent upon a warning time."

What is your view toward that statement?

Ambassador **Wolfowitz**. I think we have to have a number of capabilities, Senator. I think it is essential that we be able to deter that kind of attack that comes with no warning whatsoever.

I think it is also clear that one of the capabilities our forces have is to be substantially increased in the context of a severe crisis or the worst kind of crisis of all where conventional war has actually begun, and I think perhaps that is even greater stress on the deterrent capability because it is in situations of that kind where one would most expect to find really desperate calculations.

And so I think we want an effective deterrent across a range of circumstances, and I certainly think if we did not have the ability to deter the kind of attack that Admiral Crowe describes, it would be a dangerous situation.

Chairman **Nunn**. How important do you believe it is that our land-based ICBMs be able to survive, without strategic warning, that component of the triad?

Ambassador **Wolfowitz**. We are really getting into some central determinants in deciding which of the particular ICBM programs you are going to pick.

Senator **Warner**. That is just a general softball question.

Ambassador **Wolfowitz**. I realize that. [Laughter.]

And I think you will appreciate, Senator, why I do not want to make a judgment here that, in effect, preempts a decision of the President.

I think we want all elements of the triad to be survivable, I believe. The degree to which that is important depends partly on what the total capability of the force is and how large the contribution of the force is in that situation.

I do think that we can make a big mistake if we suggest that we would be paralyzed in a crisis and incapable of generating our forces. In fact, our submarine posture, our bomber posture also depends upon our ability to raise the alert capability in the event of a crisis, and that is an essential part of our posture.

I really am reluctant to come down on a specific judgment that in effect prejudges this decision before the President.

Chairman **Nunn**. Would you agree with the statement that other things being equal or generally equal that survivability is an important element of our land-based systems as well as our sea-based systems?

Ambassador **Wolfowitz**. I think it is important. Something I also think is important is that to the extent possible we should have a posture that does not leave us prone to having to make a very high-pressured decision to use it, a posture that does not put the President or some future president in a situation of having, in effect, 10 minutes to either launch ICBMs, or otherwise risk losing them in an attack.

Chairman **Nunn**. In other words, you would be apprehensive if we moved to a policy where you really, as a policy, had to launch under attack? That would make you uneasy?

Ambassador **Wolfowitz**. It would make me uneasy, yes, Senator.

Chairman **Nunn**. On the larger question of strategy, there have been some media reports claiming that entrenched bureaucracies have dominated the work of the national strategy review resulting in analysis and recommendations that are highly status-quo oriented. How would you respond to these?

I guess that question is how do you assess the quality of the work going into the national strategy review now?

Ambassador **Wolfowitz**. For one thing, I think some of those statements may refer to the work of other departments and not ours, Senator. [Laughter.]

I think it is mixed. I would say, too, that as some of the earlier comments may have implied, I do not think one should be too apologetic about where we are now.

I think not only has the sort of 40-year strategy in a sense gotten us to a good position, but I believe, in fact, that already during the Gorbachev era we have begun responding to a different Soviet regime in a different world in a way that is reasonably constructive. And so, I do not think it should be a surprise to find a certain defense of what we are doing. I do not think that what we are doing is all bad.

The fact is, though, we have been able to push people to think imaginatively and to examine alternatives, even some that none of them like. But at least we get them on the table and, if nothing else, force out the arguments as to why this is an alternative that they think is wrong, or what the circumstances today are that may make it wrong, but circumstances that could change in the future.

I would also emphasize that any successful effort at strategy is going to have to be an iterative process. This is not a strategy review to produce an answer, that will then automatically be implemented and work for all time.

In fact, one of the specific instructions from the President to this review, in addition to identifying specific changes in our current strategy is also to identify issues that need more extensive work and more intensive exploration, and that is going to be one of the products as well.

Chairman NUNN. How long have you been working on this now?

Ambassador WOLFOWITZ. I guess I got back here on March 10, and I think we had the terms of reference—now this is on just the defense piece of it.

Some of the other pieces had begun as early as the beginning of February.

Chairman NUNN. What is the time frame for the defense part of it and what is the time frame for your completion? What kind of target date do you have?

Ambassador WOLFOWITZ. Essentially, May 20 for the whole effort. Certain pieces of it have been completed already and the discussion, in fact, in the newspapers this morning of yesterday's meeting with the President, that meeting was based upon one completed section of our review.

I would like to put in the record, too, that I am not doing this as Under Secretary for Policy-Designate.

I was, in fact, very mindful of the advice that is always given to people in my situation not to presume that anyone has acted or approved your nomination when it has not taken place.

Chairman NUNN. You were coming in under a special assignment?

Ambassador WOLFOWITZ. That is right, from Acting Secretary Taft at the time.

Chairman NUNN. How many people do you have working with you on the strategy review, directly under you as opposed to the services?

Ambassador WOLFOWITZ. We are really commandeering resources as we need them, and from the various offices of OSD.

And so, the number of people throughout DOD and, in fact, in other agencies that are working on it I would say is in the dozens. But, they are not all working full time.

Chairman NUNN. You emphasized one of your top priorities would be to improve the policy-making or emphasize the policy-making part of your job.

I know you would agree that this will take strong support from the Secretary and Deputy Secretary of Defense.

Have you talked to Secretary Cheney about this and do you believe you will have his full support in putting further emphasis on planning?

Ambassador WOLFOWITZ. Yes, I have, Senator, and I believe I will have his strong support as well as that of Deputy Secretary Atwood.

Chairman NUNN. What is going to be the relationship on policy matters between you and your office and the Unified Commanders?

Ambassador WOLFOWITZ. I think that is a particularly close and important relationship because they are the people in uniform.

I think you have to think in terms of specific contingencies and the mission orientation of their forces.

And the first place I and my staff can go to learn about the problems we face is to those commands.

I suppose the one main difference in perspective might be that the CINCs are going to have to necessarily take a very present-oriented view of problems.

They are trying to figure out how to manage with what they have at the time and have good plans for that.

And part of our job is try to go from that to where we may be 10 years from now which may, in fact, be very different. But I think we have to begin with a very good understanding of where we are now.

Chairman NUNN. As you know, the Unified Command plan assigns geographic and functional responsibilities to the combatant commanders, and that is followed by the Chairman of the Joint Chiefs' staff through the Secretary of Defense to the President for his approval.

What role will you play in that process, if any? What does the Under Secretary have to do with that Unified Command plan?

Ambassador WOLFOWITZ. At this point, Senator, I would have to say I am not sure I am aware of that, and it sounds like something that I will need to take a look at very quickly. But I am not familiar with it now.

Chairman NUNN. Do you get into roles and missions of the services in your job?

Ambassador WOLFOWITZ. It is hard for me to see how I can do the things I have described earlier without looking at the issue of roles and missions, so the answer is yes.

Chairman NUNN. Do you know whether any one of your predecessors got into that in very much depth? Do you have any knowledge of whether they did, indeed, address that question?

As you know, that is one of the most difficult issues, and that is one of those that I think one of the former Chairmen of the Joint Chiefs Dave Jones said, "That is one that always stayed in the bottom drawer as long as possible".

Ambassador WOLFOWITZ. No, and I cannot say that I know for sure that I will be able to make a bigger difference.

But I think one of the things that I want to do is to talk to my predecessors and find out how they addressed that.

Chairman NUNN. How do you see your office interrelating to the Joint staff, working for the Chairman of the Joint Chiefs? They have made your responsibilities in planning and so forth—how does your organization relate to them?

Ambassador WOLFOWITZ. It obviously depends upon what area one is talking about. I think it has to be a close working relationship.

It also has to be one where we are able to provide independent advice to the Secretary in some cases at the simplest level where we are talking about the functions I described as foreign relations of the Defense Department and arms control.

I think it should be as close and unified a position as we can manage because trying to get an effective DOD position to the outside in the case of another extreme of contingency planning review, which we have talked about a number of times, is clearly an area that has traditionally been the exclusive domain of the services.

And if we are going to carry out the kind of review and advice that I talked about in response to your question earlier, I think that is going to have to be handled with a special kind of sensitivity.

When we get into the programming and planning and budgeting process, we want to have a close cooperative relationship, but we will necessarily need to be able to take positions that I might not always agree with.

I think at least we want to be able to get as close as possible to a common base of information and understand what each other's arguments are. But that does not mean we have to have an independent view.

Chairman NUNN. You spent some time in the Office of Program Analysis and Evaluation, did you not? You were there about 4 years?

Ambassador WOLFOWITZ. That is right.

Chairman NUNN. What years were those?

Ambassador WOLFOWITZ. 1977 to 1980.

Chairman NUNN. Who was the head of PA&E at that time?

Ambassador WOLFOWITZ. Mr. Russell Murray.

Chairman NUNN. And you worked under him as deputy?

Ambassador WOLFOWITZ. I was deputy for regional programs.

Chairman NUNN. Looking back on it, what is your evaluation of the work done in that office?

Ambassador WOLFOWITZ. I think we did some very good work, Senator. I think in the office itself we embodied one of the problems that I know this committee has grappled with at great length, and that is the whole question of mission orientation.

I ran the office of regional programs, which basically attempted to look at the defense budget from a mission-oriented point of view.

The other elements of PA&E, which I think in a sense are the line outfits, were looking at it from a functional point of view.

We had built within us some of the same kinds of tensions that exist in the budget process, and in the case of the Persian Gulf work, for example, that I described, we were able to successfully introduce some new thinking and some creative effective programs like the maritime prepositioning ships, which have contributed significantly to an enhanced posture in that part of the world.

Chairman NUNN. Is this office under your new position?

Ambassador WOLFOWITZ. No, it is not. It reports directly to the Secretary.

Chairman NUNN. Will you interrelate with them?

Ambassador WOLFOWITZ. I already am in the context of this strategy review.

Chairman NUNN. It sounds to me like they are doing some of the same things you are charged with doing. Is there a duplication here?

Ambassador WOLFOWITZ. I do not think there is a duplication. I think they tend to look more from a programmatic perspective. I think there is obviously an overlap. When you look at programs, you need to be looking at some of the same kinds of issues, but I do not think it is duplication.

Chairman NUNN. I will defer to Senator Levin in just one moment. One other question. What is your general feeling toward the Goldwater-Nichols Act?

I do not expect you to be an expert on every phase of it, but I am sure you have some impressions about. How do you view the Goldwater-Nichols Act and do you see parts of it that will be very much part of your responsibility to see that they are implemented properly?

Ambassador WOLFOWITZ. Actually, I am in the process of studying it because I think it is very important.

I think the main points which I am aware of are ones that I agree with strongly, and I think it has already had a constructive influence, and clearly the kind of changes that that act envisages are ones that I believe require a stronger role by the Under Secretary for Policy.

Chairman NUNN. Mr. Ambassador, we are delighted with your appointment. I have known you a long time, and I have followed your career with a great deal of interest. I think you come to this job with great credentials in this area, and so I think the Secretary and the President have chosen wisely.

We will have a closed session. There are some questions that I need to ask you in closed session, and what I will do is to defer to Senator Levin to ask any open session questions he may have. Senator Levin, I have got to step out for a moment—I have two groups waiting on me—but I will ask you, if I am not back, to go ahead and entertain a motion.

I believe you have the skill as the presiding officer to see that that motion is carried and that we go into closed session.

Senator LEVIN. With this many colleagues, do you think I can do it? [Laughter.]

Thank you, Mr. Chairman.

Mr. Wolfowitz, just a couple of questions. First, relative to your letter to Senator Nunn, I believe on page 10 of your letter you made reference to the statements of General Secretary Gorbachev about promised reductions of tanks and troops.

Do you believe that those announced reductions, if carried out, are militarily significant?

Ambassador **Wolfowitz**. I think they are significant, Senator, to the extent that they come out of the forward areas of Soviet deployment. I think they can have some impact on the kind of capability that Soviets will have to mount an early attack for Europe and, therefore, they have some positive benefit for warning.

On the other hand, as I have pointed out in the answer, taking 10 percent or less off the top of a very large total, means that once they mobilize and have that full total available, the difference is going to be very small from my point of view.

Senator **Levin**. Do you know what percentage of the tanks in East Germany and Czechoslovakia those 10,000 tanks represent offhand?

Ambassador **Wolfowitz**. It is larger than 10 percent, I believe, but I am not sure. I will try to get that for the record.

[The information follows:]

Gorbachev proposed a unilateral reduction of 10,000 Soviet tanks in the Atlantic to the Urals (ATTU) area. This represents a 20 percent reduction of all Warsaw Pact tanks in that area.

Of those 10,000 tanks, 5,300 would be withdrawn from the Non-Soviet Warsaw Pact countries of Central Europe. The withdrawal of 5,300 Soviet tanks from Central Europe represents a 22 percent reduction of all Warsaw Pact tanks in that area, and a 51 percent reduction of Soviet tanks stationed in that area.

Senator **Levin**. It is significantly larger than that. You are not suggesting, then, that that is just 10 percent of the forward deployed tanks in those countries?

Ambassador **Wolfowitz**. No, I want to be clear. Our impression is that, in fact when those changes are implemented, there will be a significant reduction in their forward capability and that that is a benefit.

Senator **Levin**. It is not that forward deployed capability the Soviet capability, at least part of it which is so highly threatening to us in Europe?

Ambassador **Wolfowitz**. It is definitely part of it, Senator.

Senator **Levin**. So, a reduction in that, it would seem to me, ought to receive a positive response from us rather than a very hedged or qualified response? Obviously, we are not going to go dancing in the streets and say the threat is over, but should we not be very positive in saying we would welcome it, assuming it is implemented without qualifying it too much?

Ambassador **Wolfowitz**. I think we have been very positive in saying we welcome it, but it is also essential that we say that there remains a very large threat. I mean, after all, one of the objectives of Soviet diplomacy and I believe people like Arbatov have bragged publicly about is that we, the Soviets, are going to take away from you Westerners what you have had all along, which is a Soviet threat.

There is a Soviet threat. The fact that it has diminished—and diminished, not eliminated—in this one important dimension does not mean we should stop talking about the rest of it.

Senator **Levin**. No, I think that is true. I hope you would also agree that since it does, if implemented, represent the diminution of a threat that the basic thrust of our response ought to be positive while pointing out that there are still problems that obviously remain.

I would hope that given the initiatives which Gorbachev has taken, which have had such political impact in Europe that at least we ought to acknowledge when there is an initiative like that, it is in our interest.

Ambassador WOLFOWITZ. I think we do.

Senator LEVIN. And then go on to why it is not the whole ball game. But just for our first reaction, at least, to be a positive reaction. I mean, for instance, you make a statement.

We should remember that over the long term, it is subject to debate whether a rejuvenated Soviet Union is more or less of a threat to the West, and I agree with your statement. It is subject to debate whether or not the Soviet Union can rejuvenate themselves with a market economy. There is no other way they can do it except with a market-oriented economy.

But, what you are saying here is that it is subject to debate whether "A market-oriented economy in the Soviet Union is more or less of a threat to the West," and if I just substitute the words "market-oriented economy" for "rejuvenated Soviet Union," because, again, I think you would agree with me there is no other way they can be rejuvenated, would you not agree or do you agree that we preferred to see them moving in the direction in which they are moving, that we believe on balance——

Ambassador WOLFOWITZ. Absolutely.

Senator LEVIN [continuing]. That that is in our interest.

Ambassador WOLFOWITZ. And if you take the whole statement it is clear that I do, but at the same time a Soviet economy that is strong as opposed to one that is weak today is going to give them military potential that they do not have now.

Senator LEVIN. Where in your statement do you say that? It is in our interest that they move in the direction that they are moving.

Ambassador WOLFOWITZ. "The political, economic and military reforms Gorbachev is proposing would, if successfully implemented, have far-reaching consequences for U.S.-Soviet relations."

Senator LEVIN. That does not say whether they are positive or negative consequences.

Ambassador WOLFOWITZ. Economic reforms involving greater freedom and capitalism could result in changes.

Senator LEVIN. Where is that?

Ambassador WOLFOWITZ. Next sentence. "Changes in the nature of the Soviet system that could enhance the cause of peace."

Senator LEVIN. That could.

Ambassador WOLFOWITZ. That is right.

Senator LEVIN. Do you think it is likely that they will?

Ambassador WOLFOWITZ. If they are far-reaching enough, and I would not underestimate, Senator, the obstacles and the opposition to taking these things.

Senator LEVIN. I do not either. But, you see, a statement like that is so hedged because you are saying it could result in changes that could enhance the cause of peace. I think the next sentence you could say is that on the other hand, it could result in changes that might reduce the chances of peace.

What we do not have here as I see it is your own feeling as to likelihoods which is important in terms of how the world perceives our own response and our own initiative and in terms of whether we are likely to take an initiative in this area dependent in part on how we view the Gorbachev era.

If we view that totally as even-Steven, we do not know, we are going to be observers because we cannot know for certain—and I agree with you we cannot know for certain—whether it is going to be a plus or a minus.

If we duck judgment, which I think is what a lot of people are doing as to what is likely, do you believe that these are in our interest? Then I think our own response is going to be exceedingly cautious, and we are going to miss the political boat in Europe which is going to have some real negative ramifications for the alliance.

And so I press you on this because I find that your language is very, very hedging, and I do not see even a 55:45 positive response here. I kind of see a 50:50. I see words which would be interpreted literally either way because what you say could result in one thing, and they could also result in the exact opposite effect. And so what I am really probing you for is kind of where your own gut is.

Is it your own gut instinct that it is likely that these reforms are a positive for the West and not—are you sure? I am not nor would I suggest anyone should be, but I think it is important that we at least have a feeling, a gut feeling one way or the other, and by the way, you said I think it is bad for the West. I can respect that. I would disagree with it, but at least I would respect it because that represents a judgment.

Ambassador **Wolfowitz**. There are three different levels in terms of time frame. I mean, if one says where they will be 10 years from now, if the most optimistic projection of trends continues with the hedging that I think is necessary, I still feel very strongly that is going to be a dramatic improvement. I believe, in fact, that is the reason why in my main statement that I said the area of economic, political and military reforms being promoted by General Secretary Gorbachev, if successfully implemented, could improve dramatically the U.S.-Soviet relationship.

Now, there is a hedge, I agree, because a stronger Soviet Union, even if it is democratic and market-oriented, is not going to be a simple thing. But——

Senator **Levin**. Could I press you on that one just before you move? You say it could, if implemented, improve. I think that is true. They could, if fully implemented, also worsen.

Ambassador **Wolfowitz**. And I think if they are fully implemented the way we imagine and hope he is moving, the great likelihood is we are talking about a political and economic transformation in the Soviet Union that will be of great benefit to us.

Senator **Levin**. So, in other words, you come down on the side that if they are implemented, this will be a plus. You are not positive, but at least you think they will be a plus on balance?

Ambassador **Wolfowitz**. Correct.

To move to a closer time frame, the question of whether or not they will be implemented is an enormous question mark on which I would really hestitate to make predictions.

Senator **Levin**. But is it in our interest that they be implemented?

Ambassador WOLFOWITZ. Well, the first statement I think leads you to that conclusion.

Senator LEVIN. I think so, too.

Ambassador WOLFOWITZ. But I have heard many people say that Gorbachev's position is very secure and yet Gorbachev has no chance of producing significant economic results from his restructuring within the space of the next 4 or 5 years.

Well, if you told an American president or any Western democratic leader your economy is not going to improve for 4 or 5 years, but do not worry, your position is secure, I think you would wonder a little bit about the analysis. So, I think there is a question mark there.

And then, to move to the immediate present, which I guess is where I hedged the most, I have no problem saying that taking tanks out of East Germany is a good thing for us, but I just feel that it is absolutely essential to remind people how many tanks remain and how quickly they can roll right back in.

Senator LEVIN. I could not agree with you more. I think it is essential that we remember that.

Let me switch subjects for a couple of minutes, and then we will go into executive session.

You and I have spoken about the critical assessment of our ICBM modernization issue, and I would like to just ask you a couple of questions—and, by the way, just going back to your letter for a minute, I did not have your letter before or else I would have chatted with you about it in the office.

Ambassador WOLFOWITZ. I will be glad to discuss it later if you would like.

Senator LEVIN. I just received it in the last hour or so. All on the ICBM silo issue.

Will the rail cars upon which the MX would be deployed—assuming we pulled them out of silos and put them on railroad cars—would those railroad cars be as hard as the silos in which they are presently located?

Ambassador WOLFOWITZ. No, they would not.

Senator LEVIN. So, is it fair to say, then, that they would be somewhat less survivable on rail cars than they would be in silos? Probably not survivable in either event, but somewhat less survivable on railroad cars than they would be in silos until they are flushed?

Ambassador WOLFOWITZ. If their location is known, they would be somewhat more vulnerable.

Senator LEVIN. So that if they are not flushed, if they are garrisoned until they are flushed, while they are garrisoned they would be somewhat more vulnerable than they are right now in silos, is that a fair statement?

Ambassador WOLFOWITZ. Correct.

Senator LEVIN. Is somebody looking at an option that we not commit ourselves to either the MX on railroad cars or the Midgetman until we know more about a START agreement, for instance?

I am not suggesting that you say that that is the right position. I do not think it is your personal position, but it is, I think, as we spoke in my office, at least one reasonable arguable position that one could take that we should not commit ourselves to one or both of those at this moment knowing what is going to happen at START.

Is there anyone advocating that position inside this review process that you are going through?

Ambassador WOLFOWITZ. If you say advocating the position, I do not believe that is the case. But I think the papers that we prepared have attempted to present alternatives and options not necessarily from an advocacy point of view, but just to make sure that they are all there.

Senator LEVIN. Is that one of the options?

Ambassador WOLFOWITZ. One of the options would be to leave the missiles in the silos, yes.

Senator LEVIN. Or at least to delay a commitment to removing them from silos or to build Midgetman at this time, and I want to be very careful in how I phrase this. I am not suggesting the option be to cancel or kill both of those options, but I am asking whether or not those papers that have been prepared are looking or consider one option being to delay a commitment to either of those at this time.

Is that an option that is being considered?

Ambassador WOLFOWITZ. I think the general attitude about further delaying the decision, and I think it is attitude that is reflected in the papers in a sense, is that this is dealing with the problem that we began to see 20 years ago. We finally recognized it was on us about 10 years ago, and we are finally getting around to making a decision.

And I think there is a sense in the papers that this prejudices against further delay.

Senator LEVIN. So, that is not an option being looked at this time?

Ambassador WOLFOWITZ. Not delay as such.

Senator LEVIN. Delaying a commitment to either of those?

Ambassador WOLFOWITZ. Right.

Senator LEVIN. Thank you, Mr. Chairman.

Chairman NUNN. While we are talking about options, has anybody got an option on the table down there in those papers that would basically keep both systems alive and give priority to the smaller missile, the mobile missile, but keep the MX rail mobile, alive and well for awhile and put on the table an arms control proposal for a ban on land-based mobile MIRVs, so that we then basically get rid of the SS-24 in exchange for not going mobile with the MX and leave both sides with small single warhead missiles which would be highly stabilizing? Is that in the series of options?

Ambassador WOLFOWITZ. You could get there, Senator, by mixing and matching some of the options that are there. I do not think it is there as a specific one, but if that is your preferred one, I would be happy to report that back as one you would like us to look at.

Senator LEVIN. Will you add another one to the list while you are at it? [Laughter.]

Chairman NUNN. Well, I just have never understood having a Scowcroft Commission report which generally formed the consensus in the Congress—not by everybody, but by probably 60 percent of the people on both sides with some exceptions.

Senator LEVIN. Notable exceptions.

Chairman NUNN. Notable exceptions on the extremes. [Laughter.]

Senator LEVIN. Senator Byrd is not here to defend himself. [Laughter.]

Chairman NUNN. Then, they went right over to Geneva, within a year after that and proposed to ban all mobile missiles. It seems to me that is when our consensus that had been put together so tortuously basically moved into position again of chaos on this issue.

And, from what I read in the paper, we could be heading right back down the road that some of us have traveled before. Frankly, the MX has been, in the last 2 or 3 years, riding the back of the Midgetman, and it seems to me that you are about to kill the horse, and I do not know what the rider is going to be riding after that.

I favor putting the MX in a rail mobile mode as opposed to leaving the silo, but if the price of it is where we end up with nothing but an MX and a rail mobile, it is going to be a very hard sell over here.

I do not know what my position will end up being on it, but if that is the position, I am afraid we are going to extend that 10-year period another couple of years and inevitably if you keep going this route, at some point we are going to have a lot of people that say well, if we cannot do a triad correctly, let us do a dyad and do it right. I am not there yet, but I think that is where this process heads.

Senator Levin may have come to that conclusion for other reasons a long time ago, and others may, but a lot of us have been struggling with this a long time, and it is going to be very hard to put together a consensus along the lines of the reports that came out in the paper today. Again, I reserve all of my options until I hear Secretary Cheney and the logic of everything that is going on and, of course, from the President. I am not going to make any decision until they have a chance to present fully their case, but I have been listening to this and part of it for a long time, and it is going to be very hard to have that MX ride through alone without any kind of strategic concept or any kind of arms control logic that leads to the bottom line of stability.

It is going to be hard to do.

Senator LEVIN. And if you widen your options, take a look at one more, too, would you, and that is put the Midgetman in a fixed silo with a START regime.

Chairman NUNN. Do you want SDI to protect it, Senator Levin? [Laughter.]

Senator LEVIN. You do not need SDI to protect it. You use up all the other guy's warheads knocking it out and you are home free if you want to go through all of these problems. I mean, this is a very serious proposal to do that, and you ought to take a look at that proposal if you are going to broaden it as well as the proposal to not commit to either until we know what is going to happen in START, and so you have something to negotiate with at the start because this is going to affect what you can do.

Chairman NUNN. You can report back that this committee is unanimous, as you well see. [Laughter.]

We have what, 20 different unanimous opinions, I suppose.

Senator LEVIN. Some of us have more than one opinion. [Laughter.]

Chairman NUNN. We wish you luck in this important job. I think this is one of the most important jobs that we have in the Department of Defense, and you certainly have the qualifications for it. At this stage I see no impediments to your nomination, but I will await the outcome of the closed session because we do have some questions to ask you there, and then what we hope we will have happen is, assuming everything works out in the closed session and we get all the information in as soon as possible, we could have a vote on your nomination as soon as we get back.

In the meantime, you are going to be fully occupied continuing the strategy review, correct?

Ambassador WOLFOWITZ. Well, I am also going to go home and get my family, Senator.

Chairman NUNN. You are going to be able to go back to Indonesia?

Ambassador WOLFOWITZ. I have to. I have to do my final farewells and bring the family back.

Chairman NUNN. Do you have children in school there?

Ambassador WOLFOWITZ. I have two in school and one baby, and they will be back here May 15.

Chairman NUNN. Senator Wilson, we were about to go to closed session.

Senator WILSON. Mr. Chairman, I will not delay that any longer than is required; I just want to put on the record the fact that I think that this is a very good nomination, and I have had the pleasure of working with Ambassador Wolfowitz in his prior incarnations. He is warmly and enthusiastically recommended by a great many people whose judgment I feel warrants confidence and his own record, it seems to me, warrants that confidence.

I am unhappy to see us deprived of his services in Jakarta, but I think we will be very well served by his assuming this new post.

Ambassador WOLFOWITZ. Thank you very much, Senator.

Chairman NUNN. Thank you, Senator Wilson. Do you have any questions because we are going to go into closed session.

Senator WILSON. No, sir. I have had an opportunity to visit briefly with the nominee and do not have any additional questions to put to him.

Chairman NUNN. Thank you, Senator Wilson. We will now go into closed session without objection.

[Whereupon, at 5:25 p.m., the committee proceeded in executive session.]

[Prepared questions submitted to Paul D. Wolfowitz by Senator Sam Nunn prior to the hearing with answers supplied follow:]

APRIL 18, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am pleased to forward answers to the 16 questions on defense policy contained in your letter of April 13, 1989. I look forward to discussing these and other important issues during your hearing on my nomination to be Under Secretary of Defense for Policy on Wednesday, April 19.

Question 1. Given your extensive background in policy planning, what do you consider to be the most serious problems in the performance of the policy function in the Department of Defense? What management activities and timetables would you establish to address these problems?

Answer. The two policy areas that have received the greatest attention within the Department are managing foreign relations matters affecting defense and participating in the arms control process. We must continue to focus on these matters. However, in view of the dramatic changes taking place in the world, there are other areas in which I believe additional attention is required. While U.S.-Soviet relations dominate the defense policy agenda and we have enormous amounts of intelligence analysis, more attention and analysis needs to be done within the Department on the policy implications of developments in the Soviet Union and Eastern Europe. Another area that I would like to see strengthened is the policy planning function itself.

Question 2. Section 134 of title 10, United States Code, provides that the duties of the Under Secretary of Defense for Policy are to be prescribed by the Secretary of Defense, except for the Under Secretary's duties relating to contingency plans which are prescribed in law. Should you be confirmed as Under Secretary of Defense for Policy, what duties do you expect that Secretary Cheney will prescribe for you? Specifically, what duties did Mr. Atwood have in mind when he spoke during his confirmation hearing of expanded roles for the Under Secretary for Policy in the Planning, Programming, and Budgeting System and in the supervision of officials in the Office of the Secretary of Defense? In carrying out these duties, what would be your relationships to the Under Secretary of Defense for Acquisition and the Assistant Secretaries of Defense for International Security Policy and International Security Affairs? In what way would your duties differ, if any, from those of the two preceding Under Secretaries for Policy, Ambassador Komer and Dr. Ikle?

Answer. The responsibilities that Secretary Cheney has indicated he would like me to carry out, if confirmed, can be divided into two broad areas. The first concerns the external relations of the Department of Defense, not only with foreign governments but also with other elements of the U.S. Government in the interagency process. The role of principal advisor to the Secretary on foreign policy and political-military affairs is particularly important at a time of great change in the international environment and increasingly active arms control negotiations. In addition, the new organization of the national security process that President Bush has established puts a special emphasis on the Deputy/Under Secretary level for interagency policy coordination. In carrying out these functions, Secretary Cheney, Deputy Secretary-Designate Atwood, and I will be relying heavily on the Assistant Secretaries for International Security Affairs and International Security Policy. These two officials, with line responsibility for the Department on foreign policy and arms control matters, are among the most important national security positions in the U.S. Government. Part of my job, if confirmed, will be to ensure that our efforts in this area are properly coordinated so that we can best support the Secretary. This will require that the Policy group function as a cohesive team.

If we can achieve this goal, it will also help in performing the other area of responsibility, that of working to introduce policy and strategy considerations into the Department's internal deliberations. Secretary Cheney and Deputy Secretary-Designate Atwood have made it clear that they want to see the USD(P) play a greater role in the Planning, Programming and Budgeting System (PPBS), and they would like to see a greater emphasis on the first "P" in that process.

Question 3. What role do you anticipate that you would have, if confirmed as Under Secretary of Defense for Policy, in the formulation of intelligence policy? How would this differ from the current assignment of responsibilities for intelligence policy? How is intelligence policy and intelligence budgeting coordinated in the Department of Defense? Has any decision been made on whether or not to establish the position of Assistant Secretary of Defense for Intelligence? If that position were created, would the Assistant Secretary for Intelligence report to the Secretary of Defense through the Under Secretary for Policy?

Answer. The intelligence function is one of the most important foundations for sound policy-making, and it is also essential to the effectiveness of our military forces. Under current arrangements, the USD(P) is responsible for overseeing and coordinating Department policy with respect to counterintelligence and security matters, and sensitive special activities. The Assistant Secretary of Defense for command, Control, Communications and Intelligence is responsible for intelligence policy and programs.

The management of the intelligence function within the Department is a complex matter that has changed over time. The Department will soon submit to Congress a report on the issue of whether to establish the position of Assistant Secretary of Defense for Intelligence. If confirmed, I would work hard under whatever arrangements are determined to ensure that the policy process has the quality of intelligence that it needs and makes proper use of it.

Question 4. Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low intensity conflict reforms? What role would you play in the full and timely implementation of these reforms?

Answer. Even 12,000 miles away in Indonesia, where I most recently served, the efforts of this committee and the Congress to reshape the defense planning and acquisition process have been noticed. I join the Secretary and Deputy Secretary-Designate in supporting the Goldwater-Nichols Act and the Packard Commission Report in seeking to better integrate strategy and planning into the Department's programming and budgeting process. A crucial element of this effort involves bringing strategic planning solidly into programming and budgeting decisions. This is particularly important in the current environment of smaller-than-planned defense budgets and a changing strategic environment.

Some of the new responsibilities of the Chairman of the Joint Chiefs of Staff outlined in Goldwater-Nichols will aid the Secretary's efforts to ensure a strategic rationale for defense budget decisions—particularly the Chairman's role in performing net assessments and preparing fiscally constrained strategic plans. The Chairman is also playing an increasing role as an advocate for the CINCs seeking to ensure that their operational requirements are addressed through the PPBS process.

I share with the Congress the concern that low intensity conflict is the type of conflict that the United States is most likely to face. I will work with the Assistant Secretary for Special Operations and Low Intensity Conflict to ensure that adequate resources are devoted to this important area.

Question 5. The Goldwater-Nichols Act amended section 134 of title 10, United States Code, to prescribe that the Under Secretary of Defense for Policy shall assist the Secretary of Defense in preparing written policy guidance for the preparation and review of contingency plans and in reviewing such plans. Do you agree that these are appropriate duties for the Under Secretary for Policy? To your knowledge, what efforts have been undertaken to comply with these legislative requirements? How would you intend to strengthen the performance of these duties?

Answer. I agree that it is important to have civilian review of contingency plans. I am fully supportive of the direction contained in the Goldwater-Nichols Act which provides that the USD (P) shall assist the Secretary of Defense in preparing written guidance for the preparation and review of contingency plans, and in reviewing such plans. I know that some progress has already been made in implementing this direction. If confirmed, this function will be a high priority for me.

Question 6. You have been extensively involved in the administration's on-going National Security Review. Based upon your experience in this effort, how would you assess the strategic planning capabilities of the Department of Defense? What evidence can you offer to support your assessment?

Answer. As you know, I have been serving as Director of the Defense Strategy Review at the direction of then Acting Secretary of Defense Will Taft. This brief experience has demonstrated to me once again the high caliber and capacity for hard work of many of the Department's employees. It has also demonstrated to me the fact that some of the most important dimensions of our security environment are beginning to change in ways that challenge fundamental planning premises. I worked in the Department 10 years ago when we were just beginning to absorb the impact on our security posture of the changing security environment in the Persian Gulf and the increasing importance of that region's oil resources. I believe that in that instance the Defense Department, like almost everyone else, took some time to fully recognize the importance of trends that had already begun to emerge clearly in 1973. But I also think we did a pretty good job of catching up, and the planning that was done in the late 1970s has served us well in this decade.

However, the changes emerging for the next decade appear to be even larger and the implications for U.S. policy more far-reaching. These include major changes in the Soviet Union, in the prosperity of our European and Far East allies, in the proliferation of chemical and ballistic missile technology, and other fundamental technological developments. This environment presents a particularly strong challenge to improve our strategic planning capabilities so that we can prepare to meet this change and even shape it.

The present Strategy Review aims to provide a basis and a framework for such a process, but it must be an iterative process. We cannot simply conduct a one-time review and then assume it will be implemented mechanically. Neither can we assume that this snapshot of the global security environment will remain accurate for the duration of the next four years. Working with Secretary Cheney, Deputy

Secretary-Designate Atwood, and the Department staff more generally, I want to ensure that the Department's budget and policies reflect the President's guidance from this Strategy Review and that the type of strategic thinking I have described can play an even larger role during the next four years.

Question 7. There has been concern about the lack of a multi-functional, mission orientation in the Washington headquarters of the Department of Defense. The Department's Washington components are organized principally along functional lines (e.g., manpower, research and development). Are you concerned that the functional structure of the Pentagon's top management headquarters does not provide a sharp focus on military missions? If so, do you believe that the policy function in the Office of the Secretary of Defense is the most logical organization in which to create a strengthened mission orientation? If so, how would you intend to strengthen the focus on missions in the policy function?

Answer. Linking the national strategy, the military missions needed to further that strategy, and the force structure and modernization needed to perform those missions is a critical task for the Department. Many of these links are already established through the PPBS procedures. These efforts should be strengthened, however, and that is one of the concerns of the President's Review of Defense Management that is currently ongoing.

My own experience in the Department ten years ago was precisely in the area of analyzing program decisions from the perspective of mission orientations. In fact, the office that I headed had that responsibility within PA&E and, as I just noted, we took a leadership role in analyzing our emerging security needs in the Persian Gulf. So I am a strong believer in the importance of a mission orientation and I believe the strengthened role of the Under Secretary of Defense for Policy in the PPBS process must include a strong emphasis on mission orientation.

We could however, go too far in adopting an exclusively mission-oriented focus on the work of the Defense Department. Flexibility to use forces and weapons systems in various types of contingencies and regions is a fundamental tenet of U.S. defense strategy, and it becomes even more important in this period of tighter defense budgets. The functional orientation of most of the Department is necessary for developing both the expertise and efficiencies promoted by this orientation.

Question 8. Some have argued that the Department of Defense's testimony and budget justification submissions are generally focused on accounting inputs with little apparent connection to capabilities to carry out major military missions, which are the outputs of defense management activity. Do you believe that there is a need to establish a more direct link between military missions and defense budgets? If so, what role should the Under Secretary for Policy have in establishing a more direct mission-budget link?

Answer. The basic structure of the Department's budget and justification materials has been developed in concert with the Congress. I do know that the Department has taken steps to strengthen the mission-orientation of the PPBS procedures through strengthening the role of the CINCs among other steps. The Deputy Secretary enfranchised the CINCs in the PPBS Planning phase in 1981, the Programming phase in 1984, and the Budgeting phase in 1987. The role of the CINCs has also been increased through their involvement in highlighting the operational deficiencies in their region and, in turn, the requirement that the Services explain how they are responding to these deficiencies when constructing their proposed budgets.

Between the new role for the CINCs and some of the changes we are considering in the Policy organization, we may be able to reach a good balance for getting an adequate mission and budget link. We will have to assess these procedures as we gain more experience with them. However, I would repeat the caveat that I noted in the last answer—we must also take an organizational/institutional approach to these same questions. It is a matter of striking the balance between the two.

Question 9. Over the last several years, the Senate and House Armed Services Committees, complementing the recommendations of the Packard Commission have encouraged the Department of Defense to maximize the use of net assessments, particularly in its explanation of the defense budget request. Moreover, the Congress has required and the Packard Commission has recommended that the Department's net assessments be prepared with the participation or coordination of the Central Intelligence Agency. Would you support this emphasis on net assessments? If so, what specific actions would you take to strengthen the Department's use of net assessments in the formulation and articulation of defense needs and to improve the participation of the Central Intelligence Agency?

Answer. Net assessments can help to diagnose both problems and opportunities in the Department, and thus can play a very valuable role in the management of the Department and in the planning of our military forces. I intend to do whatever is necessary to insure that net assessment efforts are well supported and find appropriate roles in the functioning of the Department. Net assessments should be an important input to a strategic planning activity, and if confirmed I would look for ways to make systematic use of them to identify and develop major issues to be highlighted in the Defense planning process. In response to direction from the Congress, the Chairman of the Joint Chiefs of Staff has initiated a net assessment effort in the Joint Staff. I would also encourage further development of that effort and work to develop closer interaction between the Joint Staff and OSD (Policy) in that area.

Several years ago, a Net Assessment Coordinating Committee (NACC) was established which was chaired by the USD/(P) and included representatives from the Director of Central Intelligence (DCI) and the Central Intelligence Agency (CIA). The NACC can be an effective instrument in managing the development of net assessments, and as net assessments play an increasingly important role in decisionmaking, the role of the NACC may need to be expanded. The DCI and the CIA make inputs into the net assessments done within the Department through the NACC. Obviously, good intelligence is crucial to the net assessment process and I will work with DIA, CIA and other elements of the intelligence community to insure such intelligence is available and exploited. In fact, good net assessments can help guide our intelligence collection priorities.

Question 10. How do you assess the utility of the "competitive strategies" concept as an aid to defense decision-making? Based upon your assessment, would you fully support and expand the use of this concept? What organization in the Department of the Defense should have the principal responsibility for application of the "competitive strategies" concept?

Answer. The concept of "competitive strategies" is a useful planning mechanism and, if confirmed, I will work to expand its use as an aid to defense planning. With its aim of exploiting enduring Soviet weaknesses and U.S. strengths, it represents the sort of thinking that is particularly required during this period of constrained defense resources. Competitive strategies involves more than just hardware; it includes adapting doctrine and tactics. I believe the office can be most effective if it is more closely integrated into an overall strategic planning effort. Analyses of this sort should be conducted in the Office of the USD/(P), and greater analytical capabilities will be required there in order to do so. This is consistent with the increased role for the Under Secretary for Policy in the PPBS process.

Question 11. As you may know, the Senate Committee on Armed Services has been increasingly concerned about low intensity conflict threats to U.S. interests. What is your assessment of U.S. capabilities to effectively assist allies and friends in their efforts to combat low intensity conflict threats? Specifically, what are your assessments of the counterinsurgency efforts in the Philippines and El Salvador and the effectiveness of U.S. assistance? To your knowledge, do the regional offices in the Office of the Assistant Secretary of Defense for International Security Affairs give sufficient attention to the unique nature of the low intensity conflict environment in formulating their policy recommendations?

Answer. The Strategy Review mandated by President Bush is not yet complete, however one general conclusion is already clear to me. While the threat of a major conflict in central Europe may be declining, the risk of the United States finding itself involved in conflict in the third world is probably increasing. Disturbingly, the lethality of weapons in those areas is increasing significantly to include ballistic missile technologies and chemical capabilities. At the same time, so-called "low intensity" threats are among the hardest to meet. As a result, we need to look at our military forces to determine if they are adequate to meet this wide range of threats. In many cases, forces designed for a central European scenario are not optimized for these other threats. I have heard this same view expressed by officials from both ISA and SO/LIC and, if confirmed, I plan to work to integrate their efforts and make them more effective.

I believe our experience in El Salvador can be called a success story, although I am concerned by the recent increase in violent activities by the communist rebels. In fact, the Commission on Integrated Long-Term Strategy cited U.S. efforts in El Salvador as a success story, citing our medical assistance which reduced casualties in the Salvadoran military; our security assistance which enabled the Salvadoran military to use military force discriminately and effectively; the use of American technology to provide a tactical intelligence capability; and support from other democracies in the region. The Philippines is a reminder that the key to success depends largely on the efforts of the host country. I have been encouraged by the slow but steady progress the government of the Philippines is making, but that situation needs to be monitored carefully and we need to continually seek improvements in our efforts. U.S. policy in the Philippines will be a high priority for me if confirmed, as it will for the Assistant Secretary for ISA.

Question 12. As you know, the U.S. security assistance program is an important instrument for enhancing security and stability in critical world regions, especially in low intensity conflict environments. What is your assessment of the current effectiveness of the security assistance program? What proposals do you have for improving the security assistance program?

Answer. As the U.S. Ambassador to Indonesia, I have seen first-hand the very positive benefits of security assistance funding. While it is not always politically popular, the modest funding we provide for security assistance can be among the best investments in our national security we make. Recent funding constraints in security assistance and the extensive earmarking of those funds we do have only exacerbates the problem. As just one example, I am very disturbed that security assistance to Indonesia—the fifth largest country in the world and a strategically important one—was almost eliminated in fiscal year 1989. While efforts to improve our security assistance programs can and should be undertaken, funding problems like these cause serious problems for U.S. policy.

Security assistance is not just money. We get enormous pay-offs from military assistance missions, from training and education, from exercise programs and from simple informal country-to-country contacts. For example, military-to-military contacts and visits by U.S. Government officials, very definitely including visits by Members of Congress cost very little and they have a very high pay off. CINC-PAC has made these contacts a high priority throughout the Pacific theater, and very modest amounts of attention have paid-off many fold. If confirmed, I will strive to expand these contacts on all levels. However, even these contacts lose much of their impact if there are no resources to back them up.

Question 13. What is your overall assessment of Soviet President Gorbachev's "new thinking" about foreign policy and national security? Does he have in mind strategic or tactical changes? Is President Gorbachev's political situation durable enough to make "new thinking" significant for U.S. policy considerations?

Answer. It is important to keep in mind that General Secretary Gorbachev's "new thinking" is being driven by the realization that the Soviet system has failed. U.S. policy can take a good measure of credit for this change in Soviet thinking because the economic success of the market economies highlighted the failure of their own system, and our military strength made it clear that we would not let them achieve their objectives through the use of military force. In order to begin implementing the far-reaching economic reforms required to strengthen the Soviet economy, President Gorbachev must reduce the crushing military burden on his economy—a burden that consumes up to 20% of the Soviet GNP.

The political, economic and military reforms he is proposing would, if successfully implemented, have far-reaching consequences for U.S.-Soviet relations. Political reforms that bring a measure of freedom and democracy, and economic reforms involving greater freedom and capitalism could result in changes in the nature of the Soviet system that could enhance the cause of peace. Announced reforms in Soviet military doctrine and unilateral troop and equipment reductions would also, once implemented, reduce the prospects for conflict. Finally, we should remember that over the long term it is subject to debate whether a rejuvenated Soviet Union is more or less of a threat to the West. I believe that the Soviet military is supporting "perestroika" and "glasnost" in the expectation that a stronger economy will provide the basis for a stronger military posture in the future.

However, these military changes are quite limited in relation to the massive Soviet build-up and they are to occur largely in the future. For example, the 10,000 tanks that General Secretary Gorbachev has promised to reduce would be replaced by 10,000 new ones in three years at current Soviet production rates. The planned reduction of 500,000 troops will still leave the Soviets with 5,000,000 men in their armed forces. Even in Central Europe, their announced reduction of 50,000 men, which constitutes six armored divisions, will leave them with 585,000 men in 24 divisions. Gorbachev has spoken of reducing military procurement by 20% and military spending by 14.2%, but it is still unclear where those cuts will be taken and even the Soviets admit to have trouble knowing what their defense budget actually is.

Question 14. In your view, what are appropriate Western responses to President Gorbachev's policies and proposals?

Answer. Given that the Gorbachev reforms are incomplete and reversible, caution is required in developing U.S. responses. The U.S. position of leadership in the free world requires steadiness on our part. It is important to keep in mind that U.S. interests are long-term and enduring, and that they are not changed fundamentally by the recent signs of change in the Soviet Union. Our policy of peace through strength helped to stimulate these changes, and we should not change our policies just when they are beginning to pay off. While the Soviets have announced their intention to reduce their defense budget by some 14% (from an uncertain base) in the future, the U.S. has reduced its defense spending by 12% in real terms since 1985—including a 1.5% real decline in FY 1990. Further unilateral reductions in our defense posture are not warranted.

In formulating U.S. responses, it is important for us to be clear about what has and has not changed in the Soviet Union, and which proposals are serious and which are not. In the area of conventional force reductions, while there are many differences to be worked out during CFE negotiations, the Soviets have tabled a serious proposal. Building on the example of the INF Treaty, they have accepted the principle of asymmetric reductions to substantially reduced levels. The NATO proposal at the CFE talks is a sound one, and if we negotiate seriously I believe we may be able to achieve a truly historic agreement. On the other hand, the Soviet pledge to cease production of enriched uranium and to close down two aging nuclear power plants producing plutonium and tritium appears designed for public relations purposes. The Soviets have had ample opportunity to stockpile adequate supplies of enriched uranium to support their weapon requirements, and they have numerous other reactors producing plutonium and tritium. Finally, the recent sale of advanced Su-24 bombers and refueling capabilities to Libya is very disturbing. This new Libyan capability to conduct offensive attacks as far away as London or Israel is highly destabilizing, and this action by the Soviets threatens rather than promotes the cause of peace.

Question 15. During his recent visit to London, Soviet President Gorbachev expressed impatience with what he terms the Bush Administration's "hesitation" in developing its policy toward the Soviet Union. Foreign Ministry spokesman Gennadi Gerasimov stated that "continuity is the name of the game" and warned that "time has its limits." Are the Soviets simply trying to score public relations points in these remarks, or is there a genuine misunderstanding as to the timetable required by the Administration to complete its review? How much latitude do you believe the new Administration has in revising or restructuring the Strategic Arms Reduction Talks (START) position that it inherited from the Reagan Administration?

Answer. The Soviet Union is not above trying to score public relations points in an effort to promote opposition to U.S. and NATO defense plans and programs. Time will be required for the U.S. to determine if the changes in Soviet policy are real, and time will be required to consider fundamental U.S. policies in light of those changes in Soviet policies. I believe progress will be more enduring if we proceed in this deliberate fashion. The Soviets recognize how our democratic government functions. While they may express their "frustration" in public in an effort to influence our decision-making, we should not make our policies in response to public opinion polls nor react to this pressure by developing hurried responses.

Question 16. Some advisers to President Bush are known to favor linking the new completion of a START treaty to progress in Vienna in the new negotiations on Conventional Forces in Europe (CFE). Do you believe that the unilateral cuts announced by President Gorbachev on December 7 weaken the case for establishing this linkage, since they will, if fully and faithfully implemented, result in cuts in excess of NATO's most ambitious offer in the Mutual and Balanced Force Reduction Talks? If the Bush Administration should decide to link START to progess in CFE, how would it define "progress" and what would be a realistic timetable within which we might expect to achieve it?

Answer. It is not true that the cuts proposed by the Warsaw Pact in Vienna, much less the more limited unilateral cuts announced on December 7, 1988, result in cuts in excess of NATO's most ambitious offer. The proposal that the U.S. has placed on the table at the Conventional Forces in Europe negotiations calls for cuts ranging from five to ten percent against a specified base of forces in the region. While the Soviets have called for reductions of 10 to 15 percent, the base against which this reduction would be applied has not been specified. The base used elsewhere by the Soviets appears to be inaccurately high in measuring U.S. forces. Thus, the NATO proposal calls for larger absolute cuts than appear to be called for in the Soviet unilateral reduction announced on December 7. The important point is that while differences remain that will need to be resolved during the CFE negotiations, the two proposals are not too far apart and for the first time there is reason to believe that a conventional arms reduction agreement may be achievable. On your more general point, however, the proposition that there is a critical analytical linkage between strategic and conventional arms control in particular and force structure decisions more generally is absolutely correct. We must always be aware of the implications for both our conventional and nuclear capability of agreements or decisions we are considering that affect one of those capabilities.

The general linkage required between these negotiations is somewhat looser because the U.S. START negotiating position was predicated on changes in our strategic posture being made without first correcting the conventional imbalance. If the conventional imbalance were corrected, more ambitious strategic goals might be considered later.

I believe, however, that we need to address the issue of negotiating linkage informally, on a case-by-case basis. We should proceed with both sets of negotiations and judge each for the contribution it makes to our overall security posture, while paying attention to analytical linkage about the progress and implications of the two negotiations.

PAUL WOLFOWITZ.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR SAM NUNN

EXPORT CONTROLS

Senator NUNN. In recent years, the role of the Defense Department in export control matters has been criticized by the National Academy of Sciences, the General Accounting Office, and U.S. businesses. In some cases, the Defense Department is charged with performing functions that are duplicative of those being done effectively by other agencies. It is further alledged that inconsistent, arbitrary and time-consuming actions by the Defense Department have impeded legitimate exports.

What steps do you intend to take to ensure that the Defense Department performs its export control functions in a consistent, impartial and expeditious manner?

What steps do you think should be taken to make the inter-agency dispute resolution process more efficient and effective?

Mr. WOLFOWITZ. I certainly share your desire that the DOD perform its export control function in a consistent, impartial and expeditious manner, although I believe those adjectives could, in general, characterize current DOD performance.

The Defense Department assesses the national security implications of potential exports for both the Commerce and the State Departments. The Commerce Department oversees the licensing of the vast majority of U.S. exports, including dual-use items, items with both a civilian and a military application. The possible military application of dual-use items was demonstrated most poignantly by recent ballistic missile and chemical proliferation problems in the Middle East.

The Defense Department actually reviews only a fraction of all exports licensed by Commerce, principally looking at exports of militarily critical items intended for the Soviet Union, Eastern Europe, and China. Of these, there is only a small number of contentious cases (less than one percent per year of those reviewed by DOD).

The State Department issues the licenses for the export of items on the Munitions Control List, an interagency-agreed list of weapons and other clearly military items. DOD reviews all of the license requests for items on the munitions list.

DOD actually has a good record in turning applications around quickly. Statistics show the average age of an export case pending with Defense during recent years to be no more than 10 days. Under law, Defense has up to 40 days to review cases.

The GAO study that you mention notes that for East/West licensing, DOD is particularly suited to assessing the military significance of a proposed export, since it can draw upon the armed services research laboratories to assess product capabilities.

Despite my concern that exports of military and dual-use items be carefully weighed, I am aware of the particular importance today of promoting legitimate U.S. exports. The Defense Department should not oppose exports—even to the Soviet Union or other proscribed countries—that are consistent with national security concerns.

I fully support the need for early resolution of interagency disputes over export cases. I understand that there is already in place a very serviceable dispute resolution process at the senior staff level. There is, however, a requirement to better deal with the few disputed precedent setting cases, which under statute, require resolution at the Cabinet or Presidential level. I am hopeful that we can work with the

Commerce Department to find more effective mechanisms to resolve these particularly troublesome issues.

Senator NUNN. The Department of Defense has recently expressed concern about the competitiveness of U.S. high-technology industries, such as semiconductors and high definition television, that produces strategically important products. At the same time, the Defense Department has often taken a highly restrictive view of the export of high-technology products, even though the profits generated by such exports are an integral part of the research and development funding needed to sustain technological innovation and excellence.

How do you propose to reconcile these seemingly contradictory approaches to the issue of technology transfer?

Mr. WOLFOWITZ. We clearly must strike a delicate balance, on the one hand ensuring that the export of U.S. technology does not result in the degradation of U.S. national security while on the other hand ensuring that such restrictions do not unnecessarily restrict the ability of our industries to compete in world markets. We certainly should not put unnecessary or unreasonable barriers in the path of U.S. businesses seeking to export products abroad, but we also know from bad experience that some exports can do serious harm to U.S. national security.

Much of U.S. defense strategy in Europe is predicated on our superior technology correcting for the substantial imbalances we face with the Soviet Union in terms of manpower and many types of weaponry, including tanks. The Soviet Union uses aggressive and well-organized techniques to acquire Western technology for key military applications. If we squander this technological superiority through the careless application of export controls, we will face either increased risk or sharply increased defense spending requirements.

QUESTIONS SUBMITTED BY SENATOR JEFF BINGAMAN

PROLIFERATION CONCERNS

Senator BINGAMAN. India has announced its intention to test its first intermediate-range ballistic missile. The test will heighten tensions in the area and possibly lead to an arms race. Also, it will encourage Third World countries to obtain longer range and more accurate ballistic missiles.

In light of the significance of this test, will you as the Under Secretary for Defense (Policy) undertake a review of the measures that the Department of Defense is taking to ensure that U.S. technology does not contribute to the development of surface-to-surface missiles in the Third World?

Mr. WOLFOWITZ. The launch of India's Agni launch missile does indeed illustrate the extent and seriousness of the missile proliferation problem. I strongly share the President's view that controlling the proliferation of destabilizing technologies should be a top priority for the administration. If confirmed as Under Secretary for Policy, I shall ensure that the Department of Defense plays an active and well-informed role in limiting missile, as well as other technological proliferation. We already are exploring ways to strengthen DOD's activities in the non-proliferation field.

Currently, the Defense Department has procedures to control the spread of missile technology covered by the Missile Technology Control Regime (MTCR). These procedures are evolving and improving. Their effectiveness depends on effective coordination among numerous components of DOD, including those which handle technology transfer, cooperative programs, foreign military sales, intelligence, and regional security and arms control issues.

All of our non-proliferation policies, including U.S. Government export control practices that affect those policies, will be examined in the administration's non-proliferation policy review.

Senator BINGAMAN. My understanding is that the State Department's Under Secretary for Security Assistance, Science and Technology will be responsible for control of missile proliferation; at Commerce it will be the Under Secretary for International Trade. In addition, a high level coordinating committee is being created to deal with this issue.

How does the Department of Defense intend to organize so that it can participate effectively in the formulation of policy on missile control?

Mr. WOLFOWITZ. Within the Department of Defense, the Assistant Secretary of Defense for International Security Policy currently has responsibility for proliferation issues. His deputy, the Deputy Assistant Secretary of Defense for Negotiations Policy (DASD/NP) is responsible for missile non-proliferation policy, as well as for policies regarding nuclear and chemical non-proliferation. The DASD/NP, however, has a wide range of additional responsibilities. Because this administration has defined controlling the proliferation of dangerous technologies as a high priority, some redistribution of tasks may be necessary to ensure that a senior DOD official devotes adequate attention to this critical problem. A management review, which considers several options concerning such organizational changes, is currently nearing completion.

QUESTION SUBMITTED BY SENATOR WILLIAM S. COHEN

SO–LIC

Senator COHEN. Amb. Wolfowitz, in your answer to one of the questions submitted to you by Senator Nunn, you stated, ". . . I will be relying heavily on the Assistant Secretaries for International Security Affairs and International Security Policy. These two officials, with line responsibility for the Department on arms control and foreign policy matters, are among the most important national security positions in the U.S. Government."

I would like to ask you what role you envision for the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict. I would also like to know how you intend to ensure that the functional responsibilities of this office are coordinated with the regional responsibilities of the office of International Security Affairs.

Mr. WOLFOWITZ. Your question is quite right to emphasize the critical linkages between the work of the ASD (Special Operations and Low Intensity Conflict) and ASD (International Security Affairs). As I have already noted, one of the principal conclusions I am taking away from the President's Strategy Review is that while the risk of a major conflict in central Europe may be declining, the risk of the United States finding itself involved in conflict in the Third World is probably increasing.

In peacetime, we need to use various tools to exert a stabilizing influence in the regions, including security assistance, land-based forces, naval port visits, disaster relief, humanitarian assistance and bilateral training exercises. Each of these tools of peacetime presence in the Third World faces various strains now. For example, the effectiveness of security assistance as an instrument of U.S. policy is declining as 94 percent of aid is earmarked, with 65 percent to Israel and Egypt.

When assessing our capability to act militarily in the third world, we must examine if our forces-designed for a central European scenario—are poorly suited for lower intensity conflicts.

I certainly share your implicit concern that our political and military strategies for the Third World be closely meshed through the effective work together of the ASD(SOLIC) and ASD(ISA). I intend to work to ensure that these two key officials work together effectively. The Defense Management Review is considering the issue of the precise reporting relationship and should be issuing its recommendations soon.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

CONVENTIONAL FORCES IN EUROPE

Senator MCCAIN. We now face major changes in our position in Europe. It became painfully clear in last year's testimony we cannot come close to meeting our commitment to provide 10 divisions to Europe in 10 days, and that currently programmed cuts in lift and readiness will mean that our real world conventional capabilities will decline steadily during the next decade, in spite of anything we do in improved conventional technology. It is also clear that we will become more, rather than less, reliant on theater nuclear force modernization. Could you describe your feelings in regard to these issues, and comment on how the problem of conventional force reductions and "burdensharing" will affect these problems?

Mr. WOLFOWITZ. The Department of Defense continues to work hard to improve its force closure posture of Europe. While we cannot today close 10 divisions in 10 days, there have been major improvements in all phases of the reinforcement process from taking advantage of increased warning time planning assumptions, to an actual redistribution of Prepositioned Stocks (POMCUS) in Europe which are bringing us closer to meeting the 10 day commitment. A high level DOD Steering Group has focused on this issue for the past eight months and is actively pursuing all avenues for improvement.

We have maintained, without cuts, a steady growth in our mobility forces. With the completion of our POMCUS program and the C-17 procurement program, we expect to be able to meet our 10-in-10 commitment. In this vein, it is particularly important to maintain the capabilities of our sealift Ready Reserve Force, responsibility for which has been transferred from the Defense Department to the Maritime Administration in the Transportation Department.

As we strive to maintain and improve our reinforcement capability for Europe, we look to our allies to improve their conventional defense posture, and for the foreseeable future, to keep theater nuclear weapons up to date where necessary. They have agreed to both actions, although budget constraints are impacting all NATO nations in the amount of resources they are willing to devote to defense. That is part of our burdensharing effort with the allies—to devise and implement cost—effective and more equitable sharing of roles, risks and responsibilities with the Alliance while maintaining and strengthening NATO's deterrent and defense capabilities. This is in line with NATO's flexible response strategy which relies on a triad of forces—strategic nuclear, theater nuclear or conventional—to deter aggression by providing responses across the full spectrum of conflict.

POWER PROJECTION CAPABILITIES

Senator McCain. It has become increasingly clear that we need to rethink our posture in regard to power projection and low level conflict. The past orientation behind USCENTCOM, that focused on the defense of Iran against a Soviet invasion, is now obsolete. At the same time, we are beginning to make payments for bases in areas like Spain and the Philippines that are little more than blackmail. Can you describe your views on how we should restructure our power projection capabilities and of the relative role of land forces, air forces, and sea power?

Mr. Wolfowitz. The strategy of the United States, which evolved shortly after World War II, has been to defend the United States and its interests, its allies and friends by meeting the threat as far forward as possible. Forward presence in the form of deployed forces, land-based and at sea, has been a central element of that strategy. The level of U.S. forward presence has been dictated by U.S. interests and the threats to those interests, and forward military presence has remained an enduring component of U.S. strategy. The aggregated U.S. conventional and strategic nuclear military strength, combined with that of our allies, has been a significant worldwide deterrent to the Soviet Union and its expansionist goals.

The probabilities of a Soviet invasion of Iran to gain control of the oil flow from the Persian Gulf appear lower than they did when this decade began. However, oil remains the lifeblood of the world economy, and roughly 70 percent of the Free World's proven oil reserves reside in the volatile Persian Gulf region. As the past decade has shown, there are other potential military threats to the free flow of oil besides the worst case scenario of a Soviet invasion. USCENTCOM continues to plan an important role in supporting U.S. interests in this vital region. We will, of course, review the changing geostrategic situation, but I believe the United States continues to need a robust capability to defend its interests in this region.

In concert with our allies, we maintain forward based and CONUS forces to deter aggression by the Soviets or other major nations against our interests or those of our allies and friends. We will continue to need power projection capabilities to support deterrence and to defend our vital interests should deterrence fail. Each component of our military forces—land forces, air forces and maritime forces—has unique and important capabilities that contribute to deterrence, crisis response, regional stability and peacetime presence. Maritime forces have certain advantages in not requiring a large, continuous presence on another country's territory. But maritime forces, just as other forces providing forward presence, also require support from overseas bases to maintain forward presence at acceptable fiscal and personnel costs.

I share your concern over the escalating costs of some of our basing agreements. I think it is important to recognize that while some forward bases are more important than others, no single facility is indispensable, and the United States should not provide more base related compensation than a particular basing relationship is worth.

BUDGET SUBMISSIONS

Senator McCain. You are now in the process of directing review whose results will only be known after the Department has completed its budgeting effort. This budgeting effort represents major resource changes which are forcing the Department to develop a completely different fiscal year 1990-fiscal year 1994 force posture from the one developed as a result of the Department's strategic planning, and PPBS efforts.

a. What can be done to create a situation where the Congress receives budget submissions that involve realistic resource levels, and which are the product of its PPBS efforts and are fully supported by suitable strategy and net assessment efforts?

b. Will you undertake to present this committee with specific suggestions and proposals once the current budgeting and strategic review cycle is completed?

Mr. WOLFOWITZ. You are quite right that the Department's budget should be generated by a PPBS process built on realistic resource levels, suitable strategy statements and net assessment efforts. And indeed, I understand that such elements have always, in greater or lesser degree, been part of the Department's PPBS process. If confirmed, I will certainly work with the Secretary and the Deputy Secretary to strengthen further those particular elements in the PPBS procedures. Specific proposals to strengthen the PPBS procedures, and particularly to reinvigorate the Planning phase, are being considered in the context of the Defense Management Review, whose findings should be released soon.

IMPROVEMENTS IN DEFENSE PLANNING

Senator MCCAIN. Last year, this committee successfully sponsored legislation that required the Department of Defense to introduce three major improvements in defense planning. These included a requirement that the defense budget be submitted with a net assessment that examined our mission capabilities over the next five years on the basis of the new budget and FYDP, a net assessment and data base that explained our arms control strategy, and a net assessment that called for a consolidated readiness plan and net assessment.

All three of these efforts now seem to be in considerable disarray. Could you address your views as to how OSD can strengthen its efforts in each area, and comply with current legislation on a timely basis?

Mr. WOLFOWITZ. I'm not sure that I would characterize these efforts as being in considerable disarray, although they are certainly tardy and I hope to correct that problem if confirmed. The delays for these documents appear to be traceable to unique circumstances that should not plague our efforts next year, including the substantial reductions in the DOD topline in recent months, and the fundamental review of U.S. strategy required by the change in administrations.

For example, my understanding is that a major factor in the tardiness of both the Joint Military Net Assessment and the Integrated Readiness Plan was the substantial reductions to the Department's topline made in recent months. One of the criticisms levied against the Department's planning efforts is that much of the work has been fiscally unconstrained. The Department decided to rework the documents to make them fiscally constrained by the new, reduced topline. Similarly, the arms control strategy document was delayed by the necessity of reviewing that document in the context of the new administration's strategy.

In addition, this past year was the first time each of these documents were prepared. We'll be further along the learning curve next year and thus will have resolved some procedural and substantive problems that slowed the preparation of this year's submissions.

NET ASSESSMENTS

Senator MCCAIN. Part of the problem in the Department's net assessment efforts seem to have occurred because the Department has understaffed and underfunded the Office of Net Assessment in OSD, and because the JCS net assessment effort does not have a full time dedicated staff and has turned into a bureaucratic nightmare within the OSD.

a. Could you address what you intend to do to improve the quality of the net assessment efforts within DOD?

b. Could you describe your views on how the Net Assessment Council can be strengthened?

c. Could you describe your views on the current subordination of OSD(NA) to OSD(ISA)? Given the importance of this activity, should it not report directly to you?

d. Could you describe your views on the current role, staffing, and budget of OSD(NA)? What do you feel should be done to strengthen this office.

e. What do you feel can be done to improve the cooperation between OSD and OJCS in ensuring that the OJCS net assessment activity reflects realistic scenarios, that documents like MOP-39 do not create a barrier to effective cooperation between OSD and OJCS, and that the Chairman's net assessment has a significant and timely impact on OSD planning programming, and budgeting activities?

Mr. WOLFOWITZ. a. The quality of net assessment efforts within the Department can be significantly enhanced by closer collaboration between all offices involved in the production of net assessments. If confirmed, I would seek to use the NACC as an effective coordinating means to develop net assessments.

b. The Net Assessment Coordinating Committee, which I co-chair with the Director of the Joint Staff was established in June of 1986 in response to NSDD 219. Originally, the membership of the NACC was limited to the Department; however, last year it was expanded to include members of the Intelligence Community. A major focus of the NACC was, and still is, to coordinate and approve those net assessment efforts designated for release outside the Department. In my view the NACC is performing well. I hope to develop its potential to serve as a forum for exchanging information on ongoing net assessment activities, for maintaining continuous liaison between the various agencies involved, and to resolve any issues or problems related to the net assessment process.

c. OSD/NA was temporarily subordinated under OSD/ISA as a consequence of the departure of the Under Secretary for Policy. OSD/NA is properly subordinated to the Under Secretary for Policy in accordance with the current DOD Directive 5105.39. Following my confirmation, OSD/NA will again report directly to me, and through me to the Secretary.

d. In my judgment, the role of OSD/NA should not be substantially modified. The office has, since 1973, provided the Secretary of Defense with candid net assessments on the capabilities of U.S. military forces to perform the objectives and missions assigned them as compared to the capability of the potential enemies opposing them. The office should continue to provide diagnoses of the changing strategic environment and our capabilities to shape or respond to it. This function is essential to improving the capability of the Secretary of Defense to engage in strategic planning and make key policy choices.

I do not believe the efforts of OSD/NA should be oriented primarily towards the programming and budgeting process; rather the emphasis of the office should be geared first towards supporting the planning process in order that top-level decision makers have the necessary information to make the correct decisions in the follow-on programming and budgeting efforts.

Over a period of years, OSD/NA has produced balance assessments in a number of different areas. In more recent years however, the OSD/NA staff has been asked to take on an increasing number of other tasks that detract from the primary function of the office. I see this as a real problem, given the limited staff and the considerable time and effort it takes to produce quality net assessments. I will do my best to limit the number of outside, unrelated taskings to the office.

Another way in which the efforts of OSD/NA could be significantly increased is to increase research and study funds. A long-standing major task for OSD/NA has been to support a long-term research program to improve the quality of data and methods of analysis for net assessment. The office has enjoyed outstanding success in this area. I hope that type of analysis that has been done on the NATO Warsaw Pact balance could be used to assess the balance in East Asia, the Pacific, and the Middle East-Southwest Asia region.

e. I will encourage and support further collaboration between OSD/NA and the OJCS net assessment efforts. However, while the multi-scenario type of assessment that OSD/NA produces may suit the needs of the Secretary's policy and strategic planning needs, it may not be best for all organizations within DOD. Due to the large number of participants involved in the Chairman's JMNA effort, a commonly-agreed scenario may be necessary. I do believe, however, that the Chairman's baseline scenario should be as realistic as possible.

ARMS CONTROL STRATEGY REPORT

Senator MCCAIN. OSD(ISP) has been charged with taking the lead in producing the arms control strategy and net assessment. Last year, it failed by its own admission to properly staff this document, conduct the research and net assessment work required, and ended in submitting a draft with little practical value for inter-Agency review. Will you take action to ensure that this effort is properly staffed in the coming years, and that the Congress is provided with a detailed and comprehensive document?

Mr. WOLFOWITZ. OSD/ISP has, in response to section 906 (a), (b), and (c) of the fiscal year 1989 Defense Appropriation Act, prepared a draft of the President's report on U.S. Arms Control Strategy. When current U.S. national security reviews are completed and decisions made, the draft will be revised and forwarded to the

President for submission to Congress. We believe the report will be seen to have considerable value. In the coming years, I will make every effort to see that the report is prepared in a timely fashion and that it is fully responsive to the requirements of the law.

ANNUAL DATA BASE

Senator McCAIN. OSD(NA) has been charged with developing a comprehensive classified and unclassified annual data base on NATO and Warsaw Pact.

a. The classified document has been awaiting release by the NSC for over two months. Will you take action to try to obtain the release of this document?

b. The Department has not complied with legislation in preparing an adequate unclassified document and has prepared a draft summary whose totals have been altered to try to make them track with those used by NATO for political reasons. Deputy Secretary Taft has taken action to try to correct this situation and ensure the Department will prepare an objective and comprehensive unclassified document. Will you make a firm commitment to provide such an unclassified document?

Mr. WOLFOWITZ. a. OSD/NA was not charged with the responsibility of developing a comprehensive classified and unclassified data base on NATO and the Warsaw Pact. Rather, Secretary Carlucci tasked the NACC in July 1988 to compile these data bases for the President in order to respond to the requirements within the Fiscal Year 1989 Defense Authorization Act. These products were due to Congress December 1, 1988. However, for various reasons they have not been forwarded to Congress but have been held up for the last 5 months.

b. I am fully committed to the delivery of an unclassified data base to Congress on the force totals for the United States and its NATO allies and the Soviets and their Warsaw Pact satellities. The NACC is in the final stages of producing an unclassified data base. The data base itself will be completed in early June; however, the data base may be slightly delayed due to follow-on declassification procedures. Since both the classified and unclassified data bases are annual products, I will undertake measures to insure that in the future they are both delivered to the Congress by the required due date.

MISSION ORIENTED DEFENSE BUDGET

Senator McCAIN. The present structure of DOD splits the function of Comptroller and PA&E, and fails to submit anything approaching the kind of long-term mission oriented defense budget that would support effective internal planning or external review. Could you describe how you intend to improve both the internal organization and leadership within OSD, and the way in which the defense program and budget are formulated and submitted to Congress?

Mr. WOLFOWITZ. While you are quite right to note that the DOD elements of PA&E and the Comptroller are separate, it is less clear to me that combining those functions would be desirable and that the DOD budget fails so completely to support effective internal planning and external review. I do, however, entirely share your implicit message—the critical importance of strengthening a mission orientation on the defense program and budget.

DOD should always strive to strengthen the analytical links between our national strategy, the military missions needed to further that strategy, and the force structure and modernizaton needed to perform those missions. Many of these links, however, are already established by the current PPBS procedures. Indeed, my own experience in the Department 10 years ago was precisely in the area of analyzing program decisions from the perspective of mission orientations.

One of my priorities, should I be confirmed as USD(P), would be to strengthen the role of the Policy cluster in the PPBS procedures, through insuring that a mission orientation is articulated effectively in the Planning stage, and enforced through the Programming, and Budgeting phases of the Department's budgeting procedure.

BIENNIAL BUDGETS

Senator McCAIN. The Department has strongly supported the concept of a biennial budget submission. Last year, this resulted in a situation where the Congress did agree on a spending limit, but the actual planning, programming, and budgeting process virtually collapsed. The Department had no valid projections beyond the current fiscal year, no real idea of its long term mission capabilities or procurement budget, and had to make constant adjustments in its current budget as it became apparent that trying to freeze the budget 2 years in advance in a climate of major Federal budget deficits did little more than create chaos.

Can you describe how the Department will deal with a similar situation this year, and can you assure us that the Department will be able to answer all questions relating to the FYDP and long term capabilities and costs of each program and line item?

Mr. WOLFOWITZ. As I understand it, the trouble that DOD experienced in 1987 with respect to its budget submission was a function of several factors. In the Department's attempt to implement the recommendations of the Packard Commission, it altered several internal review procedures. These procedural changes, in combination with its first time biennial budget submission, resulted in some confusion. Additionally, the internal problems were exacerbated by Congress' hesitation to authorize and appropriate a two year defense budget. This caused the Department to adjust the fiscal year 1989 portion of the biennial budget to allow for separate review.

Despite these initial glitches, the Department continues to support the development of a biennial budget submission and, if confirmed, I would do my part as USD(P) to ensure that the development of the next biennial budget proceeds as smoothly as possible.

FYDP

Senator MCCAIN. Will you make a commitment to make every effort to ensure that all testimony the Department provides to the Congress will include a long term projection of forces and costs that covers the entire FYDP, and not simply the kind of 1-year or 2-year "snap shot" we have had in the past.

Mr. WOLFOWITZ. It is my understanding that the Department of Defense is now required by law to provide the Congress the entire FYDP which includes long term projection of forces and costs. This submission, in addition to testimony on specific budget items, should provide a better overall picture of the direction in which the Department and its programs are heading.

SECURITY ASSISTANCE

Senator MCCAIN. Could you describe what improvements you feel need to be made in our global security assistance effort, and in our cooperation with key allies like Israel?

Mr. WOLFOWITZ. If confirmed, I would like to take a closer look at the security assistance program. I am concerned with the significant reductions that the program has faced in recent years, coupled with its reduced flexibility as an increasing proportion of the monies are earmarked. For example, as Ambassador to Indonesia, I watched the security assistance to that country—the fifth largest in the world and a strategically important one—almost go to zero in fiscal year 1989.

In fiscal year 1989, for example, security assistance funds were reduced by 26 percent. The percent of those funds earmarked for specific countries increased to 93.5 percent. The negative effects of these sorts of changes have been dramatic. Since fiscal year 1984, seventeen countries have seen their assistance programs cut by more than half. The problem of a reduced topline has been complicated by the fact that the earmark countries have not been reduced proportionally. At our highest level of funding in fiscal year 1984, for example, roughly half of our military assistance was earmarked for distribution. In fiscal year 1989, however, after a 26 percent overall reduction in funding, the percent of earmarked funds has increased dramatically to a record 93.5 percent.

As Ambassador and earlier as Assistant Secretary of State for East Asia and the Pacific, I have witnessed the positive benefits of security assistance funding. While it is not always politically popular, the modest funding we do provide is among our best investments to support U.S. policy. I would like to point out, however, that security assistance is not just money. Great payoffs can be extracted from contacts between military and Government officials at all levels. If confirmed, I will strive to expand on these contacts. But even these contacts can lose much of their impact if there are no resources to back them up.

Cooperation with key allies such as Israel generally continues to be excellent. For example, we recently held our regular, 6 month review of security issues with Israel.

FYDP COSTING

Senator MCCAIN. We have heard informal reports from within the Department of Defense that the defense program presented in the fiscal year 1990–fiscal year 1991 defense budget was severely undercosted, and that the true cost of manpower is 4–6 percent higher than budgeted, that this is true of O&M, and that RDT&E and procurement are underfunded by 7–12 percent. Can you comment on the extent of this problem and—if it existed—provide us with either a plan of action to correct the situation or a firm assurance that we can hold you to next year that such undercosting does not exist?

Mr. Wolfowitz. I am not entirely certain how you derived the precise percentages referred to in the question. I do know, however, that a recent GAO report raised three points about the costing of the FYDP that may have generated your concern—the inflation assumptions, the use of a "negative funding wedge," and the inclusion of real growth in the DOD topline. There are good explanations for each of these concerns and my understanding is that the current FYDP is accurately costed. Any budget plan that extends that far into the future will necessarily have some uncertainty, but the current FYDP represents the Department's best prediction of its costs and obligations for the future.

First, OMB provides the inflation assumptions that the Defense Department, like the rest of the executive branch, uses to build its budget estimates.

In addition, Secretary Cheney has already discussed the Department's use of a "negative funding wedge" in the outyears of the FYDP—the funding wedge is simply the Department's best attempt to deal with the inevitable uncertainties of budgeting for the next 5 years. The wedge is the net of the estimated amount the Department will spend on unexpected expenditures and the amount OSD reduces the service proposals though its own internal review procedures. Both of these estimates are based on the Department's experience in recent years.

Finally, the DOD budget is based on the President's request for the Defense Department for growth of 1, 1, and 2 percent in fiscal years 1991, 1992, and 1993, respectively. That is the President's best estimate of DOD's requirements in the next three fiscal years and it seems entirely appropriate that the budget be based on these figures.

PROLIFERATION

Senator McCain. You are now working on a major strategy review to determine what our future security policies should be (National Strategy Review 12):

a. Does the proliferation of nuclear weapons, chemical and biological munitions, missiles, submarines, C^{3}I and other advanced military technologies figure in a major concern in your assessment of future security threats?

b. Do you intend to focus greater DOD attention to this problem?

Mr. Wolfowitz. a. The President's review of defense strategy found that the proliferation of advanced military technologies was such a critical issue that a separate review of these issues was warranted. This separate review will examine the broad range of proliferation concerns that threaten our security, as well as the effectiveness of our current techniques to control proliferation, including our export control regimes and international agreements like the Missile Technology Control Regime.

b. DOD currently is a pivotal player in the development of U.S. policy to contain proliferation of destabilizing technologies, such as nuclear, chemical, and missiles, both because of its technical expertise and its role in ensuring the nation's security. As the nature of the threat evolves, and advanced technologies emerge that could prove destabilizing, DOD will likely become an increasingly significant player in limiting proliferation.

PROLIFERATION CONCERNS

Senator McCain. I understand that all of the proliferations will be handled in State and Commerce by newly created high-level undersecretaries who also will oversee export controls and arms cooperation. I also understand that a PCC on proliferation and export control policy will be created to highlight this issue at the NSC:

a. How do you intend to organize at DOD so DOD has a full-time nonproliferation policy official of its own that can participate effectively in the executive's interagency nonproliferation policy process?

b. Will this official only have the authority to review export cases or will he also have authority over programs and actions that are military counters to proliferation?

c. Will this official have the authority necessary to coordinate the arms cooperation efforts to other existing regional arms cooperation desks in Acquisition, the services, and ISA to prevent potential DOD inconsistencies in our nonproliferation and arms cooperation efforts?

d. How do you intend to coordinate East-West technology control efforts within DOD and your West-West technology control efforts taken in the name of nonproliferation?

Mr. WOLFOWITZ. The Department of Defense (DOD) is currently structured to handle most of the issues you raise. That is not to say that the structure works perfectly or that improvements could not be made. In fact, just the opposite is true—the system is constantly evolving.

DOD currently has one primary point of contact (the Deputy Assistant Secretary of Defense for Negotiations Policy—DASD/NP), who reports to the Assistant Secretary of Defense for International Security Policy (ASD/ISP), and who is responsible for all non-proliferation policies: nuclear, chemical, and missile. The DASD/NP has a staff of 12 professional, experienced individuals working non-proliferation issues. We are engaged in a management review, which may result in some reorganization of responsibilities.

The ISP staff is responsible for much more than export case review, although that is certainly a significant portion of the job. Ultimately, ISP is responsible for DOD's implementation of all non-proliferation policies established by the administration through the interagency process.

To carry out this task, the DASD/NP uses his authority to coordinate with:

The Under Secretary of Defense for Acquisition (on international cooperative defense programs);

The regional desks within ISP and the Office of the Assistant Secretary of Defense for International Security Affairs (on country-specific questions);

The Joint Chiefs of Staff and the services (on military and strategic concerns including arms control issues, which, within the Office of the Secretary of Defense are also the responsibility of ISP);

The Defense Technology Security Administration (on export license applications); and

The Defense Security Assistance Agency (on foreign military sales); and, the Defense Intelligence Agency (on intelligence support).

As Under Secretary, I would work to strengthen their process.

For example, one area that requires improvements is the coordination between our non-proliferation and export control policies and our cooperative defense programs. The current DASD/NP has already taken steps to improve the information flow to those in the services who work on Memoranda of Understanding, Data Exchange Agreements, and other cooperative defense agreements with foreign governments.

Finally, East-West and West-West technology control efforts would continue to be monitored by the Defense Technology Security Administration (DTSA). The Non-Proliferation Policy Directorate works very closely with, and provides policy guidance to DTSA.

All ISP, TSA and DTSA, as well as the Defense Security Assistance Agency, are under my policy direction. The coordination of all these responsibilities would be my job, if confirmed, and I would certainly take that responsibility very seriously.

QUESTIONS SUBMITTED BY SENATOR SLADE GORTON

OFFENSIVE/DEFENSIVE TRADE-OFFS

Senator GORTON. In conducting the strategic review, I am sure you entertained the idea of integrating missile defenses into our strategic posture. Can you tell us what sort of analysis you conducted? Specifically, did you consider trade-offs between offensive force modernization and the deployment of missile defenses?

The reason I ask is because some analysts have suggested that dollar for dollar, spending on defensive weapons buys you a lot more than spending on offensive weapons. Defenses provide:

a. Protection of our retaliatory forces and command and control apparatus, thus removing Soviet incentives to strike first in a crisis;

b. Depending on the extent of the defenses, some protection for the American people, whether from an accidental launch or some rogue third country; and

c. More comfort with a START agreement that will be very difficult to verify. By deploying defenses, we can tolerate a higher level of uncertainty regarding the level of Soviet nuclear forces. They would have to cheat on such a vast scale to overcome our defenses, that we should be able to observe this and take appropriate action.

Mr. WOLFOWITZ. The strategic review did indeed examine how ballistic missile defenses could be integrated into our strategic posture. What we did was to analyze how various levels of potential defenses could affect deterrence and how they could contribute to our national security.

The range of options we examined included on the one hand, a limited defense which could provide protection against accidental launches or third country attacks, and on the other, a more robust defense which would meet the military requirements of the Joint Chiefs of Staff. The review examined how these defenses, and other defenses of intermediate size, could protest strategic retaliatory forces as well as critical C^3 and conventional military assets; we examined how they could contribute to the defense of our allies and of our forward deployed forces as well as to the defense of the CONUS. We also examined how the time scales of potential defense deployments compared with various offensive force improvements.

We concluded that effective defenses can contribute meaningfully to national security objectives. Although it is impossible to make a dollar-for-dollar comparison, defense can strengthen our overall deterent capability in precisely the ways your question suggests, among others. Based on the results of the review, the President has decided that the goals of the SDI will remain unchanged. I want to assure you that I and my staff will be working closely with General Monahan and SDIO to refine further ballistic missile defense options so that they are provided to the President at the earliest possible time and are designed to meet the President's goals.

FOUR PILLARS

Senator GORTON. This morning Admiral Hardisty, Commander in Chief of the U.S. Pacific Command, stated that—if he had no choice—he would prefer to cut force structure rather than harm readiness and sustainability.

Do you agree with the Admiral's priorities?

If we have to cut force structure, does this mean that we will have to reconsider our global commitments? Has the strategy review analyzed this question?

Mr. WOLFOWITZ. We have for years accorded high priority to readiness, and I believe it continues to warrant high priority. Highly ready units not only provide more combat capability than a "hollow force, but more deterrence as well. High readiness is crucial for our ability to respond to increasingly common, and unpredictable, regional crises and contingencies. Furthermore, the training and operations funded by our readiness accounts are vital to retaining high-quality personnel, which is essential in both the near and long term. Secretary Cheney explained in a similar vein that, in recently amending DOD's fiscal years 1990-91 budget, his highest priorities included people and the readiness of forward-deployed forces. I would prefer to think we will have sufficient resources to maintain current forces at desirable levels of readiness, but if we face hard choices due to resource limitations, I would favor readiness over force structure.

From time to time I hear suggestions that to respond to the hard choices that resource limitations require, the United States must reduce its commitments around the world. I think this approaches the problem from the wrong direction. Our military commitments derive not from our defense budget levels, which can fluctuate from year to year, but from U.S. national interests, and from the threats to those interests—factors which usually evolve only slowly, and which do not rise or fall just because our defense budgets do. So long as there remain threats to U.S. interests, we cannot risk simply disavowing a commitment to defend those interests. If resource constraints force us to incur increased risks, we must balance those risks over the range of military missions, seeking to avoid unacceptable risk in any one area. We must continually review our defense posture and policies to maintain this balance, as we did in the recent strategy review.

AIR BASE VULNERABILITY

Senator GORTON. The removal of U.S. INF weapons will place a greater burden on our dual-capable fighter aircraft to fulfill the nuclear deterrent mission in Europe at a time when they are already strained to perform their conventional duties.

There also exists a general consensus that NATO faces a serious threat to airbase survivability from Warsaw Pact short-range missiles and aircraft.

What level of priority is given to the NATO airbase vulnerability problem?

Where does the anti-tactical missile defense option stand in relation to other means (both active and passive) for ameliorating the airbase vulnerability problem?

Mr. WOLFOWITZ. Ensuring the continuing operational capability of our NATO airbases is a matter of highest priority. USAF maintains an Air Base Operability Plan (Classified Secret), the latest version of which was completed in January 1989. Titled the Program Plan for USAF Air Base Operability (ABO) Enhancements, it addresses all aspects of air base vulnerability and responses.

At the moment passive defense appears to be the best option, i.e., hardening of facilities, hardened shelters, dispersal, rapid runway repair capability, etc. However, the biggest threat is still the manned aircraft against which these measures also provide the best protection. Active defense is still being explored but is not proven and, not surprisingly, is extremely expensive.

STRATEGIC FORCE MODERNIZATION

Senator GORTON. Some analysts, such as Henry Kissinger, aruge that the reductions called for under the proposed START agreement could worsen—from the perspective of the United States—the ratio of Soviet attacking warheads to U.S. targets. Others, such as Paul Nitze, argue that nothing in the proposed START agreement prevents us from modernizing our forces to make them more survivable.

Both of them are correct in their analysis in that the effect of START reductions on our nuclear deterrent will be influenced by how Congress votes on modernization. The potential problem is that once we get a START agreement, there is no assurance that the Congress will fund the necessary modernization of our strategic offensive forces.

Would it not be a good idea to set aside a START agreement, after it is signed by both sides, until such time that the administration has proposed—and the Congress has authorized—a strategic modernization program?

Mr. WOLFOWITZ. The President has already proposed a strategic force modernization plan which includes the procurement and deployment of the Rail-Garrison MX, Small ICBM, continued procurement of the Trident submarine and D-5 missiles, and development of the B-2 bomber. Congressional action will certainly affect the ultimate shape of and level of funding authorized for strategic modernization. Nevertheless, the notion of holding U.S. treaty ratification hostage to congressional funding of strategic modernization is, I think, infeasible, and unnecessary.

I would have to agree with Paul Nitze, that nothing in the proposed START agreement prevents us from modernizing our forces to make them more survivable. Within the proposed START limits of 1,600 Strategic Nuclear Delivery Vehicles (SNDVs), and 6,000 warheads a range of force modernization options is possible. Each side is allowed the flexibility to decide how to best distribute its forces among the legs of the triad within the specified limits.

I fully support the President's modernization decisions and believe that strategic modernization promises to improve U.S. strategic capabilities and strengthen deterrence. We need these programs with or without a START agreement, although the agreement could affect the quantities we buy. In fact, a vigorous modernization program is essential to our ability to negotiate a satisfactory agreement.

QUESTIONS SUBMITTED BY SENATOR TRENT LOTT

MODERNIZING SNF

Senator LOTT. Mr. Wolfowitz, in the wake of the INF Treaty there seems to be a growing public opposition among our NATO allies with efforts to modernize our forward deployed short range nuclear forces. How do you think we should counter this apparent erosion in alliance resolve?

Mr. WOLFOWITZ. In March of last year, NATO Heads of State and Government declared their determination "to sustain the requisite efforts to ensure the continued viability, credibility and effectiveness of our conventional and nuclear forces, including the nuclear forces in Europe." To ensure support for these efforts, particularly the modernization of short-range nuclear forces (SNF), we will need to capitalize upon the past success of its strategy in deterring war and providing a basis for improvements in East-West relations; the major reductions that NATO has already made in its nuclear stockpile in Europe, including for SNF; and the potential for further reductions with modernization, particularly for those systems with the shortest range. We should also capitalize on the fact that publics in key west European countries, while divided on the SNF issue, decisively reject—by margins of two-to-one or more—unilateral nuclear disarmament by the West.

GOODPASTER PROPOSAL

Senator LOTT. Mr. Wolfowitz, General Goodpaster has spoken of the need for a "mid-term security vision" in the face of the Gorbachev reforms. He spoke of the forces of NATO and the Warsaw Pact being reduced to no more than 50 percent of present NATO strength. What do you think of this idea?

Mr. WOLFOWITZ. I do agree with General Goodpaster that we should be working to define and articulate a mid-, or even long-term security vision for NATO which would form the basis of the next phase of conventional force reductions in Europe. What the appropriate end-strength level for NATO should be, however, depends on what kind of mid-term security vision we define. For example, a reduction of forces to 50 percent of current NATO levels would necessitate the adoption of a new strategy of mobile defense in depth—a strategy that NATO has neither the geographic depth for, nor, at this time, the political flexibility to adopt.

We are currently exploring the implications of various force levels for stability in Europe. Any assessments regarding force levels must also be considered in the large context of change in the Soviet Union and Non-Soviet Warsaw Pact countries. A major element in any such assessment should be the prospects for a successful agreement in the CFE talks, an outcome that would substantially improve the security situation in Europe.

PHILIPPINES

Senator LOTT. Mr. Wolfowitz, would you give your assessment of the situation in the Philippines in regard to their economic situation, internal stability, and the prospects for our bases in that country?

Mr. WOLFOWITZ. The situation in the Philippines has improved slowly, yet steadily in the past few years. The reassertion of President Aquino's leadership, in combination with continued economic improvement, has promoted political normalization and greater internal stability.

Continuing to grow its way out of the economic crisis of the mid-1980s the Philippine economy has experienced significant increases in real GNP. In 1987 and 1988, for example, real GNP rose by approximately 6 percent each year. This growth contrasts sharply with the 1.5 percent growth in 1986 and negative 4.2 percent growth in 1985. Another sign of the Philippines' improving economy is the recent increase in foreign and domestic investment. Given the country's more stable political environment, investment levels hopefully will continue to improve. A challenge to the Aquino government, however, rests in ensuring that this macro-level economic growth translates into economic improvements that benefit the entire Filipino populace.

Since the 1987 coup attempt, the Aquino government has strengthened its leadership and forged better working relationships between senior civil and military officials. These efforts have both garnered the support of the military and reduced the overall threat to the President. The Communist insurgency, however, remains a serious challenge to political and economic progress within the Philippines. Although capture of some members of the Communist movement's leadership and the internal divisions that currently exist within the party have placed the insurgency on the defensive, the war is by no means over. Insurgent forces appear to retain the initiative in several outlying provinces and rural areas. A solution to this threat, I believe, lies in an integrated counterinsurgency strategy which combines economic, political, and military measures. Although the development of such a strategy is clearly in the hands of the Filipino Government, security assistance from the United States and its allies could play an important role in ensuring its effectiveness.

With respect to the prospect for American military bases in the Philippines, I am confident that our long standing relationship eventually will yield a beneficial agreement on this issue. This optimism, however, does not discount the prospect of difficult and protracted negotiations on the Military Bases Agreement. It is clearly in the interest of the United States to develop an arrangement that will allow us to maintain military bases in the Philippines, but I believe it is in the interests of the Philippines as well. If an agreement cannot be reached, however, the United States has other basing alternatives in the region that can satisfy essential U.S. security requirements.

[The nomination reference of Paul D. Wolfowitz follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
April 17, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Paul Dundes Wolfowitz, of the District of Columbia, to be Under Secretary of Defense for Policy, vice Fred Charles Ikle, resigned.

[The biographical sketch of Paul D. Wolfowitz, which was transmitted to the committee at the time the nomination was referred, follows:]

PAUL DUNDES WOLFOWITZ

Ambassador Wolfowitz was born in New York December 22, 1943. He graduated from Cornell University (A.B., 1965) and the University of Chicago (Ph.D, 1970). He has served in various positions in the U.S. Government, specializing in political-military affairs, arms control and strategic defense policy.

From 1966 to 1967, he served as a Management intern with the Bureau of the Budget. From 1970 to 1973, he was an Assistant Professor of Political Science at Yale University in New Haven, Connecticut. In 1973, he joined the Arms Control and Disarmament Agency (ACDA), as a Professional Staff Member in the Evaluation and Policy Division of the Plans and Analysis Bureau. In 1974, he was appointed Special Assistant to the Director of ACDA. He rose in 1976 to become Deputy Assistant Director of ACDA's Verification and Analysis Bureau. From 1976 to 1977, he served as Special Assistant for Strategic Arms Limitation Talks in the ACDA Director's Office. From 1977 to 1980, he served as Deputy Assistant Secretary of Defense for Regional Programs.

He was thereafter a Visiting Associate Professor and Director of Security Studies at the School of Advanced International Studies in Washington, DC. From 1981 to 1982, he was Director of Policy Planning for the Department of State. From 1982 to 1986, he was Assistant Secretary of State for East Asia and Pacific Affairs. In 1986, he became the U.S. Ambassador to Indonesia.

In February 1989, he became the Director at the Department of Defense of the National Security Strategy Review directed by the President.

Ambassador Wolfowitz is married to the former Clare Selgin. They have three children, Sara, David and Rachel.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Paul D. Wolfowitz in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUIRED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Paul Dundes Wolfowitz.

2. **Position to which nominated:**
Under Secretary of Defense for Policy.

3. **Date of nomination:**
April 14, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
December 22, 1943; New York, New York.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Married: Wife's maiden name: Frances Clare Selgin.

7. **Names and ages of children:**
Sara Elizabeth, 10; David Samuel, 8; Rachel Dahlia, 18 months.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Institution	Dates attended	Degree	Date granted
University/Chicago	October 1965 to June 1970	Ph. D	1972.
Cornell University	September 1961 to June 1965	AB	1965.
Ithaca HS	September 1958 to June 1961	Diploma	

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Title of job	Employer	Location	Dates
U.S. Ambassador/Indonesia	State Department	Jakarta	March 1986 to present.
Assistant Secretary/State, East Asia	do	Washington, DC	December 1982 to March 1986.
Director, Policy Planning Staff	do	do	January 1981 to November 1982.
Visiting associate professor	John Hopkins	do	November 1980 to January 1981.
DASD (PA&E)	Defense Department	do	June 1977 to November 1980.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
None during last 10 years.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
Limited Partner, Telic Associates, engaged in oil and gas exploration drilling in Pennsylvania.
Limited Partner, National Housing Partnership Realty Fund II. engaged in residential real estate.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.
Member, International Institute of Strategic Studies.
Member, Council on Foreign Relations.

13. **Political affiliations and activities:**
(a) List all offices with a political party which you have held or any public office for which you have been a candidate.
None.
(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.
None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

$200, Alan Keyes for Senate, 1988.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Department of State Distinguished Honor Award; Department of Defense Distinguished Civilian Service Medal; Arms Control and Disarmament Agency Distinguished Honor Award; Bangkok Embassy Refugee Coordinator's "Pirate Buster" Award; 1989 Lempad Prize from Indonesian cultural foundation (first time awarded to a non-Indonesian); Phi Beta Kappa; National Science Foundation Fellow; Woodrow Wilson Fellow; General Motors Scholar; Telluride Scholar.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

(The following may be approximate dates, etc. I am having them checked against my records in Jakarta.)

"Soviet Policy in Southeast Asia," *The National Interest,* Winter (?) 1988.

"The Politics and Economics of Nuclear Desalting in the Middle East," Richard Merritt ed. *Political Communication,* University of Illinois Press, 1972.

"Preserving Peace in the Nuclear Age," in Proceedings of the U.S. Naval Institute, sometime in 1982 (shorter version in *Wall Street Journal,* titled "Problems with a Nuclear Freeze").

"The Pot and the Kettle: Mr. Green's *Deadly Logic,"* in Morton Kaplan, ed. *The Morality of Deterrence,* University of Chicago Press, 1972.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

Speeches are being mailed from Indonesia. During my previous government service, I testified frequently before the Congress, particularly on Asian affairs.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe it was on the basis of the qualifications noted in Section 17(b) below.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have a broad background in foreign policy, defense, and arms control, including extensive experience in the Department of Defense, Department of State and ACDA, as well as three years as head of a large embassy in one of the largest countries in the world. My regional expertise covers Europe (including the Soviet Union), Asia and the Middle East. My technical training (in math and chemistry as an undergraduate and economics as a graduate student) also proved helpful during my earlier service in DOD.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Paul Dundes Wolfowitz.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your response to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county

or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

PAUL WOLFOWITZ.

This 14th day of April, 1989.

TO VOTE ON THE NOMINATION OF PAUL WOLFOWITZ TO BE UNDER SECRETARY OF DEFENSE FOR POLICY

THURSDAY, MAY 4, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:36 a.m., in room SR-253, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Kennedy, Dixon, Glenn, Thurmond, Cohen, McCain, Wallop, Lott, and Coats.

Committee staff members present: Arnold L. Punaro, staff director; Richard D. DeBobes, counsel; Daniel G. Sakura, research assistant.

Professional staff members present: Robert E. Bayer, John J. Hamre, David S. Lyles, Norman G. Mosher, and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Robert F. Bott, Brian D. Dailey, George W. Lauffer, Durwood W. Ringo, Jr., and Mark B. Robinson, professional staff members.

Staff assistants present: Barbara L. Braucht, Lori M. Jackson, Kelli J. Pronovost, Debra A. Rice, and Mickie Jan Wise.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Kenneth N. Luongo, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; Christopher K. Mellon, assistant to Senator Cohen; Anthony H. Cordesman, assistant to Senator McCain; Jack D. Crouch II, assistant to Senator Wallop; Robert M. Soofer, assistant to Senator Gorton; Charles Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. Mr. Wolfowitz's paper work requirements were completed on April 19, and the committee conducted a confirmation hearing that same date in both open session and closed session.

All of the committee's requirements have been satisfied, and Senator Warner and I can report that, in our view, there is nothing disqualifying in the FBI material. So, unless there are objections, I would like to entertain a motion that the Paul Wolfowitz nomination to be Under Secretary of Defense for Policy be favorably reported by our committee with a printed report.

Senator **Exon**. Mr. Chairman, I so move.

Senator **Levin**. I second.

Chairman **Nunn**. A motion and a second. I believe Senator Thurmond made the motion and Senator Exon made the second.

All in favor? We have a quorum present. We will signify by saying aye.

[Chorus of ayes.]

Opposed?

[No response.]

Without any objection noted, everyone present voted aye, and we will leave the record open for further entry for the members who would like to vote until noon today, in order that this nomination be reported from the committee favorably.

[Whereupon, at 10:38 a.m. the hearing was adjourned.]

[The nomination of Paul D. Wolfowitz was reported to the Senate by Senator Sam Nunn on May 4, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 10, 1989.]

NOMINATION OF H. LAWRENCE GARRETT III, TO BE SECRETARY OF THE NAVY

WEDNESDAY, MAY 3, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 3 p.m., in room 222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Dixon, Warner, Thurmond, Cohen, Wilson, McCain, and Lott.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel.

Professional staff members present: John J. Hamre, James R. Locher III, David S. Lyles, Michael J. McCord, Norman G. Mosher, and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Ronald P. Kelly, George W. Lauffer, Durwood W. Ringo, Jr., Mark B. Robinson, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Charles C. Smith, assistant to Senator Dixon; Phillip P. Upschule and Milton D. Beach, assistants to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; Grayson F. Winterling, assistant to Senator Warner; Dale F. Gerry, assistant to Senator Cohen; Anthony H. Cordesman, assistant to Senator McCain; Charles Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The committee meets this afternoon to consider the nomination of H. Lawrence Garrett III to serve as Secretary of the Navy.

The committee extends a warm welcome to the nominee in what I believe, Mr. Garrett, is your third appearance before this committee, in terms of nomination.

I would also like to recognize the members of your family who, I am informed, are present: your wife Marilyn, we are glad to have you—and daughter Julianna—we are glad to have you—and son-in-law, Mr. Frank Relihan. We are delighted to have all of you.

Secretary Garrett has been nominated for an extremely important position. The Secretary of the Navy is the head of the Department of the Navy and subject to the authority, direction and control of the Secretary of Defense. He is responsible for and has the authority necessary to conduct all affairs of the Department of Navy.

Beyond the vast duties of managing the Department of the Navy, including its two military services, the Navy and the Marine Corps, the Secretary of the Navy has significant responsibilities to the Secretary of Defense. The Secretary of Navy has the duty to ensure that the policies and programs of his Department are fully consistent with the overall defense objectives and policies.

He also has a statutory requirement to ensure that the Navy fulfills to the maximum extent practical, the current and future operational requirements of the unified and specified combatant commanders. In this regard, the Secretary of Navy, like the other service Secretaries, is often the man in the middle. In part, he is an advocate for his Department, but as the senior subordinate to the Secretary of Defense, he has a key role in the formulation and implementation of a coherent and integrated defense program.

The committee will look forward to hearing from Secretary Garrett, his views as to how he would plan to carry out the duties and responsibilities of the office for which he has been nominated.

Secretary Garrett has a distinguished public career. He served for 20 years in the U.S. Navy, initially as a machinist's mate in submarines—am I correct on that?

Secretary **GARRETT**. Yes, sir.

Chairman **NUNN**. And then as a Naval flight officer in maritime patrol aircraft, and finally as a member of the Judge Advocate General corps.

Following his retirement from active duty, Secretary Garrett served in a number of key positions, including associate counsel to the President and General Counsel to the Department of Defense.

In August, 1987, Mr. Garrett was appointed as Under Secretary of the Navy. Should Secretary Garrett be confirmed as Secretary of the Navy, he will join the distinguished company of Senator Warner in having risen from the lowest enlisted ranks to the Secretary of the Navy. [Laughter.]

The question of whether Warner has gone up or down since then, I will leave to you. [Laughter.]

Even more remarkable, both Senator Warner and Secretary Garrett would have achieved this high office by serving first as Under Secretary of Navy. Secretary Garrett has submitted to the committee written answers to 16 questions on defense management and operation that I had forwarded to him.

Secretary Garrett's submission was made available to committee members as soon as it was received, on April 27. Members may want to explore these questions in more detail with the nominee during the hearing.

If there is no objection—and I hear none—these written answers and questions will be made a part of the record.

[The questions and answers follow the hearing record.]

Chairman **NUNN**. Before recognizing Senator Warner—and we are very delighted that he will be introducing the nominee here today—I want to speak on behalf of all of the committee in commending Navy Secretary Will Ball for his outstanding service during a very challenging and difficult period of time. He has done an outstanding job, and I know that the committee would join me in expressing our appreciation for that job he has done, and also wishing him well in his future career.

Second, I want to thank Admiral Tom Lynch, head of Navy Legislative Affairs, for the excellent support his organization has provided our committee, and to the Senate. I understand Tom is going back to the fleet, which is something that the people in Legislative Liaison usually do not admit openly, but they always welcome it when they get away from Capitol Hill and get back to the fleet. That is the ultimate promotion for them.

We wish him very well in what we know is going to continue to be a very fine career. So we extend our best wishes to both Secretary Ball and to Admiral Lynch.

Senator Warner, we are delighted to have you introduce Mr. Garrett this afternoon. We will be pleased to have your introduction now, with any statement you would like to make.

Senator WARNER. I thank you, Mr. Chairman, and members of the committee.

Recognizing that the Chair was going to fire a shot across my bow, I decided to take it here, rather than a broadside up there. So I have broken precedent to come down to introduce my fellow Virginian.

Mr. Chairman, and members of the committee, I join you in the most appropriate and proper respect that you pay the current Secretary, William Ball. I remember so well his sitting in this seat not too long ago, flanked by Herman Talmadge, and others, and he has discharged himself admirably as this committee and other Members of the Senate expected.

I just learned a fact. I thought I knew a good deal about the tragedy of the *Iowa,* but I did not realize that Secretary Ball had actually been in that turret some several weeks before—Turret Number Two—and had participated in a firing exercise with the very men who gave their lives in the cause of freedom.

Mr. Chairman, I join you in paying our respects to Admiral Lynch. His leave of absence is well-deserved. We anticipate after a short tour at sea that he will return. [Laughter.]

Now, Mr. Chairman, I have been privileged to know Larry Garrett for a very long time. Since August 1987, he has been Under Secretary of the Navy, which we both agreed is the best position in the Secretariat, in terms of learning. But now, the President has very wisely recommended, and the Secretary of Defense likewise, that he be elevated to Secretary of the Navy.

Today we meet to consider his nomination. I have held both of these offices with humility and deep appreciation to my country. Larry Garrett is well qualified, in my judgment, to be the Secretary of the Navy. He has earned his reputation for hard work, good judgment, intelligence doing his homework, and above all, integrity and honesty. The chairman knows full well at the time when we had a difficult problem with the Navy Secretariat, we turned to Larry Garrett, who at that time was in OSD, to advise this committee. And I think he did—I know he did so with complete candor, and it helped guide the Senate in making its determination.

Larry Garrett served a 20-year career in the Navy as both a sailor and an officer. He enlisted in 1961 and served as a machinist's mate in the submarine force. He was commissioned as an officer in 1964, and served as an able flight officer on maritime patrol aircraft. He also spent some time in Vietnam during the war. He later earned a law degree and transferred to the Navy's Judge Advocate General corps in 1972. That is when we first made our acquaintance.

In the years that followed he served in several offices. While in Washington, he helped develop the Federal regulations for the Ethics in Government Act, which was enacted in 1978. He retired from the Navy as a commander.

After completing his first career with the Navy, Larry Garrett became the executive assistant to the President of the U.S. Synthetic Fuels Corporation, and later a regional director of the Federal Merit Systems Protection Board.

He has also served in the White House as Associate Counsel to the President of the United States. He was General Counsel to Secretary Weinberger in 1986 and 1987, and then in August of 1987, he became the Under Secretary of the Navy.

In that position, he served as the Acquisition Executive Officer for the Navy—the top guy in acquisition matters—in accordance with the recommendations of the Packard Commission.

Mr. Chairman, having some modest knowledge of the office, I know that this nominee comes extremely well-prepared to discharge the duties of Secretary of the Navy. This man has character and he has experience. Many of us have known him for some years. We have worked with him, and we admire him, and he steps into an office that is responsible for administering, supplying and training our Naval and Marine Corps forces.

This Nation is a maritime Nation, a continental island, dependent upon maritime supremacy for its survival. The sea lanes tie us to our overseas allies, both economically and militarily. We are dependent on the sea lanes because our economy is interdependent upon overseas sources for energy supplies and minerals.

I know Larry Garrett will be an excellent administrator, and an articulate spokesman for our Nation's interests. Working together with Secretary Cheney, perhaps it will be one of the more famous teams in the history of that Department.

I close by paying a great deal of equal respect to his wonderful wife and family, for behind every good sailor is a good wife who cares for his needs in many respects. And I remind your wife that no decision made in the Department after 7 p.m. is one that is not subject to reversal the next morning. [Laughter.]

Chairman Nunn. Thank you very much, Senator Warner. Senator Dixon has a prepared statement that he wishes inserted in the hearing record.

[Prepared statement of Senator Dixon follows:]

PREPARED STATEMENT OF SENATOR ALAN J. DIXON

I am pleased to welcome our Under Secretary of the Navy, H. Lawrence Garrett III, as he appears before this committee today as the administration's nominee to the post of Secretary of the Navy.

Under Secretary Garrett certainly faces a difficult task as the Secretary of the Navy. Rather than managing a buildup of forces, the new Navy Secretary will be challenged to modernize and maintain a force structure within a zero or minimal growth budget. New weapons cost overruns, such as those encountered in submarine building, add to the difficulties of managing a tight budget. Cost effective and efficient procurement and shipbuilding practices help maintain budget integrity and I look forward to hearing how the Under Secretary will improve these practices.

The Navy suffered the deepest cuts in this latest round of reducing the defense budget, and if approved by Congress, will reduce the Navy's ability to perform its mission. I am particularly disturbed by the cancellation of the revolutionary V-22 Osprey transport helicopter that would have substantially improved the capabilities of our marine assault forces. On the positive side, however, the decision to abandon the goal of a 600-ship Navy is a good one considering our current budgetary constraints.

As Under Secretary of the Navy, former submariner and naval officer, Pentagon General Counsel, and associate counsel to former President Reagan, Lawrence Garrett is already familiar with many of the issues he will address as Secretary of the Navy. I look forward to hearing from him as to how he intends to deal with these issues.

Chairman NUNN. Does anybody else want to make any kind of opening remarks?

If not, Mr. Secretary, we are delighted to have you, and I know that you may have some opening comments. After that, we will have some questions for you.

STATEMENT OF H. LAWRENCE GARRETT III, SECRETARY OF THE NAVY—DESIGNATE

Secretary GARRETT. Thank you, Mr. Chairman.

First, please let me express my deep appreciation to Senator Warner for his gracious words of introduction, and for, as you pointed out, his own outstanding record of service to our Navy Department, both as the Under Secretary and as the Secretary, and now as the ranking member of this committee.

I have no formal opening statement as such, but with the committee's indulgence, I would like to make a brief personal comment.

As Senator Warner pointed out, I have spent the majority of my adult life in and with the U.S. Navy. As you can imagine, I am deeply honored, humbled beyond my ability to express, really, and profoundly grateful to the President for affording me this opportunity for further service to our Nation, its defense, and especially the Navy/Marine Corps team.

It is a particular honor to be called upon to assist Secretary Cheney as he strives to maintain and strengthen the ability of our Armed Forces to meet the ever more complex demands of national security in an era of severe fiscal constraints.

I look forward to serving with his leadership team, which I am confident will meet the many difficult challenges ahead with courage, commitment, and integrity.

Finally, I want to express, as well, my deep personal appreciation to Will Ball for his superb leadership and support during the past 13 months. It has been a particular honor for me to have served as his Under Secretary, and I would be greatly remiss if I did not take this opportunity—I do not get it very often—to publicly thank both my wife and my family for their support over 27 years, now, of service with, or in, the Navy.

Thank you. That is all I have, Mr. Chairman, and I would be happy to respond to your questions.

Chairman NUNN. Thank you very much.

In a recent speech, Mr. Garrett, you said that there were several steps the Navy must take in the very near term if the Navy of the future is to be envisioned in some recent long-range studies. Specifically, I believe you called for refocusing program planning in light of political and fiscal reality and prioritizing plans in the context of diminishing resources, and creating an organization that reflects those priorities.

You summed up by saying, "In other words, create a mindset that focuses on the future."

Should you be confirmed as Secretary of the Navy, what kind of changes would you make—because you have been there, and you have seen it—in order to begin moving in this direction that you articulated in that address?

Secretary GARRETT. Well, Mr. Chairman, if I recall that speech, it was a speech in regard to some studies, as you point out, Navy 21—looking long-range to the future.

That speech was given in the context, basically, of a situation that we had faced, and have, and will continue to face in the Navy, of essentially reacting. We have been, as you know, reacting to budget-driven priorities for the last 21 months, certainly, and that has not given us the opportunity to keep the focus clearly on the future, which I think we clearly have to do.

We have to look into the next century, and keep our eye on what the Navy will need in that time. I think what I would strive to do, as the Secretary of the Navy, should the Senate see fit to confirm me, would be to work as diligently as I could, both with the Congress and within the Department of Defense and specifically with the Secretary of Defense and his people, to achieve some stability in the processes that we have ongoing—both within the Department of the Navy and the other services—that would give us the ability to move away from, if you will, the reactive mode, and become more proactive as we look down the road.

That is essentially what I meant, and that is what I will work to do.

Chairman NUNN. Mr. Secretary, you have been the Navy Acquisition Executive for the last 2 years, is that right?

Secretary GARRETT. That is correct, Mr. Chairman.

Chairman NUNN. You have had the opportunity to participate in and observe close up the workings of the Defense Acquisition Board and also the infrastructure that goes with that.

In your opinion, is the Defense Acquisition Board process working as intended by the Packard Commission?

Secretary GARRETT. I believe that it is, at this time, to the degree that it is able.

As you know, we have been working almost 2 years now. I think there is always room for improvement, Mr. Chairman. I think that Dr. Costello worked hard at improving the process.

I think, for example, the creation of the Vice Chairman of the Joint Chiefs, who sits as the co-chairman of the DAB, has had a very positive influence in the processes that are ongoing, and my experience has been that it is working, and working well. That is not to say that it cannot be improved upon.

Chairman NUNN. Do you feel sometimes that the Defense Resources Board is so pervasive, in terms of their influence, that Defense Acquisition Board decisions become almost secondary?

Secretary GARRETT. Certainly there is the opportunity for that. However, it has been my experience, both working with the Defense Acquisition Board, as well as the Defense Resources Board, that there is a synergism that is effected.

It has been my experience that some of the decisions that have to be made by the DRB, because of declining top lines, certainly impact on the decisions made by the Defense Acquisition Board. And we, I know, will be revisiting some issues. Secretary Cheney has sent us back to the DAB to revisit some of the programmatic decisions that had been made prior to the most recent changes to the budget.

But I think as we work together, and I see that as a very positive activity, Mr. Chairman, that has come about since the Goldwater-Nichols legislation came down, that we are effecting that synergism, and hopefully at some point in time, similar to concurrent engineering, we will have a concurrent process that will make the two mutually acceptable, if you will.

Chairman NUNN. Mr. Secretary, as I mentioned in my opening statement, balancing your role as advocate for the Navy and your other very important role as a Senior Assistant Secretary of Defense, how do you view your responsibility in balancing those two missions, which sometime overlap and sometimes are in conflict?

Secretary GARRETT. I do not see them as mutually exclusive, Mr. Chairman.

Chairman NUNN. Not always.

Secretary GARRETT. At all.

I have talked to Secretary Cheney about this. Having viewed the processes inside the building as the General Counsel, 3 years ago, prior to the organization that we now use—I have seen, as I said, what I consider to be great improvement.

My role is as a member of Secretary Cheney's team. I will function in that role. However, I will, as I said to him, feel obligated as the Under Secretary of the Navy, and hopefully as the Secretary of the Navy, to ensure that the debate is fully informed on issues of concern and of importance to the Department of the Navy.

I will lay those facts before him, and I will be an advocate when it is in the Navy's best interest that I be an advocate. I will, however, accept his decisions, and implement them as the law requires.

Chairman NUNN. Thank you very much, Mr. Secretary. Senator Warner.

Senator WARNER. Mr. Chairman, I have had my opportunity. I will defer to my other colleagues, and then come back as wrap-up hitter.

But I would like to ask the Secretary-designate at an appropriate time to put into the record the names of your staff, who are prominently here, and some in the front row. I think it is a great tribute to you that they have attended this hearing today.

There is one very attractive woman who worked for me 20 years ago. The only change is that she is better looking today than when she worked for me 20 years ago. Life has treated her well in the Pentagon.

Secretary GARRETT. I will certainly do that, Senator.

And I, too, appreciate their support. I would not be here without them.

[The information follows:]

Members of my staff that are present today include the following: Captain George Emery, Colonel Tom Steele, Mr. Paul Beach, Mrs. Pat Salmon, Mrs. Bobbie Ford, Commander Tom Butler, Commander Doug Crowder, Commander Jeff Zakem, Gunnery Sargent Catherine Witt, and PH1 Harry Gerwein.

Chairman NUNN. Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Chairman, I want to join you and the members of this committee in welcoming Mr. Garrett. His distinguished career in the Navy, corporate world and the executive branch make him uniquely qualified to be the Secretary of the Navy.

Mr. Garrett, you will be facing some immediate challenges as Secretary of the Navy. Among them are the constrained budget environment and the pressure to reduce our forces.

Both will have a significant impact on the Department of Defense and the Navy during your tenure. I believe you have the experience and are prepared for the challenge, and we look forward to working with you.

I have a few questions here that I have prepared, Mr. Chairman.

Mr. Garrett, we have been told that the Soviets have over 300 attack submarines in their fleet. With the proposed reduction in our carriers and frigates, will we have sufficient ASW forces available in both the Pacific and Atlantic Fleets to meet this threat?

Secretary GARRETT. Senator, of course ASW has been and will remain for some time, I am sure, the Navy's number-one war-fighting priority.

We have worked hard, and will continue to work hard, to ensure that we have the assets necessary to combat the potential threat that we see, not only today, but in the out years.

My position, basically, is that numbers are not always necessarily the deciding factor. I think both the quality of our people and the quality of our technology allow us, I think, to meet the threat as we see it today.

But we will continue to build upon our experience and our current assets to address that threat into the next century.

Senator THURMOND. Mr. Garrett, the recent procurement scandal in the Department of Defense implicated several Department of the Navy employees. What corrective actions has the Navy taken to preclude further occurrences?

Secretary GARRETT. What we have done, of course, Senator, is to monitor very closely the investigation as it has unfolded.

Much of the information that the investigative people at the Department of Justice have, has not yet been made available to us.

However, thus far, we have taken what I consider to be several steps that we probably should have taken some time ago.

I sent the Naval Inspector General out to look, for example, at not only the quality but the amount of training that we provide our acquisition people in regard to standards of conducts, and the statutes under which they must operate.

We have set about through the educational command to develop a comprehensive and uniform training vehicle, if you will, to be applied to all of our people. We found that while training was ongoing, it was not uniform across the full spectrum.

I have asked and directed that Naval Investigative Service personnel be assigned to the buying commands—those are the Naval Systems Commands—to provide fraud awareness training to our people. That is, I think, very important. But also they are to be available, instantaneously, if you will, to assist in the uncovering and the identification of any activity that does not comport with the law.

We will continue to work in this area. As you know, the number of people involved is a relatively low number, compared to the thousands who work in this area every day, and I do not anticipate that there will be a great deal more. But you know, ever since time began, we have had people who will not comport to the law.

So, from time to time there will be incidents that will surface, I am sure.

Senator THURMOND. Mr. Garrett, in view of the significant budget cuts in the fiscal year 1990 budget request, do you envision any morale problems in the fleet?

Secretary GARRETT. We will work very hard, Senator Thurmond, to ensure that to the degree that we are able, the morale of our people remains as it is today—exceedingly high.

Both as the Under Secretary and again, if the Senate sees fit to confirm me as the Secretary, my number one priority within the Department of the Navy will be to protect our people. Of course I experienced the situation in the late 1960s and 1970s. I have no desire to return to that.

If we are successful, we will protect our people, and with that, hopefully their morale will remain high.

Senator THURMOND. Mr. Garrett, I understand that PHALANX ammunition performance specification is identical for both depleted uranium and tungsten. If both materials meet or exceed the performance specification, why is the Navy limiting the competition to only one material?

If you are not familiar with that, you can answer it for the record. If you are, you can answer it now.

Secretary GARRETT. Well, I am not as familiar probably as I should be to answer in precise detail, so I would like to take the question for the record, if I may, Senator.

[The information follows:]

TUNGSTEN

Senator THURMOND. Why is the Navy going to use just tungsten penetrators and not also use depleted uranium penetrators for the 20mm round given both have equal performance characteristics?

Secretary **Garrett**. The Navy's research laboratories have conducted over nine years of exhaustive testing, including 679 firings against constructive targets. Their findings demonstrated tungsten to be superior in all aspects of combat capability over the depleted uranium penetrator. Specifically, tungsten penetrators exhibit a much higher velocity and retain more mass while passing through the target missile body. This effectively doubles the kinetic energy and consequently the destructive effect of the tungsten penetrator, when compared to the depleted uranium round. Fewer penetrator hits are therefore required to achieve warhead destruction, resulting in destruction of missiles at greater ranges from the defended ship.

The use of tungsten penetrators not only provides enhanced lethality, but a 10 percent decrease in ammunition unit cost and commensurate long-term savings in terms of ammunition storage, safety and disposal.

Senator **Thurmond**. Mr. Garrett, Public Law 100-202 contains provisions requiring the Department of Defense to increase its usage of domestically-produced PAN fiber. Are you familiar with that?

Secretary **Garrett**. Yes, sir. That is used in composite construction.

Senator **Thurmond**. Its usage of domestically-produced PAN fiber is to be increased to a level of 50 percent of total requirements by 1992. We have been told that the Navy has not yet started procuring any of the domestic fiber.

Please tell me what steps you will take to comply with the provisions of the Public Law.

Secretary **Garrett**. We will, of course, work to comply with the Public Law. My understanding as it regards PAN fibers is that we have a program ongoing to qualify domestic sources, and the time frame will be, hopefully, between 1990 and 1992.

I would like to, if I may, look at that in some detail and get back to you.

Senator **Thurmond**. If you want to submit to the record on that, feel free to do it.

Secretary **Garrett**. Certainly, sir.

Senator **Thurmond**. And if you could get back to me on that question and the previous question that I just asked you, I would appreciate it.

Secretary **Garrett**. I most certainly will, Senator Thurmond.

[The information follows:]

PAN

Senator **Thurmond**. Is the Navy supporting the public law to establish a competitive domestic manufacturing capacity for Polyacrylonitrile (PAN)?

Secretary **Garrett**. Yes, the Navy is supporting Public Law 100-202 which directed the Secretary of Defense to establish annual goals for the procurement of PAN Carbon Fibers from domestic sources. The requirement is to be at 50 percent level by 1992.

The Navy anticipates the domestic PAN fiber supply to be 25 percent by late 1990-1991 from a U.S. facility. Likewise, we predict the U.S. domestic sources to be at the 50 percent goal level by 1992, as directed by Public Law 100-202.

Domestic sources of PAN fiber will come from a U.S. plant being built by Hercules and potentially several other U.S. companies. The Navy has contacted AMOCO, BASF and HITCO, (all domestic companies) and they have expressed interest in becoming qualified to produce PAN fiber products to U.S. prime aircraft manufacturers.

Further, Navy has proposed to the Office of the Secretary of Defense the following DFARS clause:

DFARS 208.002-71, Acquisition of Polyacrylonitrile (PAN) Fibers from Domestic Sources.

Section 8088 of Public Law 100-202, the Appropriations Act of 1988, requires the Secretary of Defense to establish annual goals for the procurement of PAN Carbon Fibers from domestic sources as follows:

By Fiscal Year 1988; fifteen percent (15%) of total DOD requirements
By Fiscal Year 1989; fifteen percent (15%) of total DOD requirements
By Fiscal Year 1990; twenty percent (20%) of total DOD requirements
By Fiscal Year 1991; twenty five percent (25%) of total DOD requirements
By Fiscal Year 1992; fifty percent (50%) of total DOD requirements

The clause at 252.208.7006 shall be inserted in all solicitations and contracts for supplies over $25,000.

DFARS 252.208.7006 Acquisition of Polyacrylonitrile (PAN) Fibers from Domestic Sources

As prescribed in 208-002-71, insert the following clause: Acquisition of Polyacrylonitrile (PAN) Fibers from Domestic Sources (XXX 88)

(a) Definitions: "Domestic Sources" as used in this clause, has the same meaning as "United States" at FAR 25.101.

(b) This clause applies only if the supplies furnished under this contract contain PAN carbon fibers.

(c) Materials and components comprised of polyacrylonitrile (PAN) carbon fiber contained in the deliverable product of this contract are required to be comprised of PAN fiber competitively procured from and manufactured by domestic sources.

(d) The requirement for delivery in (c) above may be waived in whole or in part by the Head of the Contracting Activity (HCA) or his designee if the contract production delivery schedule cannot be achieved because domestic sources have not been qualified. The waiver request by industry shall include technical justification and a plan to expeditiously qualify domestic sources by not later than fiscal year 1990.

Senator THURMOND. My last question is, are you familiar with RAMP, R-A-M-P?

Secretary GARRETT. I most certainly am, sir.

Senator THURMOND. The Secretary of Navy established RAMP, and Secretary Ball felt very strongly about it.

I wonder if you have had a chance to visit that?

Secretary GARRETT. I have not. I remember when Secretary Ball went down, Senator Thurmond, and of course, we continue to fund RAMP. It is still in the budget, notwithstanding the pressures that have been exerted.

I think there is a potential there, and I hope that it does prove out.

Senator THURMOND. The high Navy people who visited that said that it offers a tremendous potential, and would you plan to go down and visit that sometime?

Secretary GARRETT. I certainly will if I have the opportunity, and I will put it on my calendar.

Senator THURMOND. Well, I will provide the opportunity, if you will just plan to go. [Laughter.]

Secretary GARRETT. I think you have made me an offer I just cannot refuse, Senator.

Senator THURMOND. I am very anxious for you to see what is going on.

Secretary GARRETT. Yes, sir.

Senator THURMOND. Thank you very much.

Mr. Chairman, that is all I have.

I will be glad to support your nomination.

Secretary GARRETT. Thank you very much, Senator.

Chairman NUNN. Thank you, Senator Thurmond.

I believe Senator McCain is next.

Senator MCCAIN. Thank you, Mr. Chairman.

Congratulations, Mr. Garrett. I think that you come to this position eminently qualified, and I think that you will do an outstanding job. We look forward to the opportunity of working with you.

Also, we will miss your capable assistant Admiral Lynch as he goes about his duties.

I would render one word of advice, and that is that men and women who serve in the Navy deserve to see their Secretary. I hope you will seize every opportunity not only of going to Charleston, but other Naval establishments as well. We have none in Phoenix that I know of. [Laughter.]

After the next earthquake, you can visit ours. [Laughter.]

Mr. Secretary, the latest budget indicates that there will be a reduction of one carrier battle group. There is movement here among some to cancel the refueling of the *Enterprise* and just keep the *Midway* in commission. I am sure that you have been made aware of those proposals.

Tell me, have the commitments for our carrier battle groups been reduced any that you know of?

Secretary GARRETT. Not to my knowledge, sir.

Senator MCCAIN. So in order to keep these commitments, we will ask our service personnel to spend more time at sea, is that correct?

Secretary GARRETT. Hopefully, Senator McCain, we will not.

Secretary Cheney has indicated both to me and to Secretary Ball that in making the decision to come down to 14 deployable carrier battle groups that we will look at commitments, and that we should attempt as mightily as we can to keep the pers tempo optempo the same as we have it today—that is, deployments no longer than 180 days, and a 2 to 1 ratio—that is, 2 months in homeport for every month at sea.

Whether or not we will be able to——

Senator MCCAIN. Either reduce optempo, or you would reduce commitments.

Secretary GARRETT. Reduce coverage.

Senator MCCAIN. Now, there has been a criticism voiced to the Navy for the last few years that we do not have enough available aircraft for those flight decks anyway.

Now we, according to the budget submission, will cancel the F14-D.

How does that help us in maintaining our requirements to have enough tactical aircraft to man even 14 carrier battle groups?

Secretary GARRETT. Well, we believe we can man the air wings as we envision they will be manned, in the future. That is not to say that we will not have a difficult time, because the canceling of the F14-D basically at this juncture cuts into the attrition aircraft that we would be acquiring otherwise.

Our inventory will start to go down, I think somewhere around the year 1997. Of course the option to that, or if you will, the opposite force, may very well be to bring the AFT, or the NATF, version on line much earlier than it may otherwise have been desired, or we would find ourselves possibly in a crunch where the inventory would in fact be depleted.

Senator McCAIN. Perhaps you could supply us in writing with how we can man those carrier decks with sufficient numbers of tactical aircraft, because it will continue to be——

Secretary GARRETT. It will continue to be a major management problem for us, as well, as you point out, Senator.

[The information follows:]

CV AIRCRAFT REQUIREMENTS

Senator McCAIN. Given the DOD decision to terminate new production of the F-14D and the expected shortfall within Naval Aviation, how does the Navy expect to fill the 14 carrier decks?

Secretary GARRETT. Based on the force structure assumptions contained in the recent Naval Aviation Requirements Report submitted to Congress, there is a sufficient inventory of F-14 aircraft throughout the 1990's. However, inventory levels at that time will decline rapidly, forcing management options such as cross decking, reducing the number of aircraft assigned to a squadron during the initial training cycle, and reducing pipeline aircraft and FRS aircraft whenever possible. These options may be necessary until a follow-on fighter is introduced to the fleet.

Senator McCAIN. The Navy identified an original requirement for Phoenix missiles. Now, with the cancellation of that program, that requirement will be reduced by some missiles.

What other missile systems are available in the Navy's inventory to satisfy these requirements?

Secretary GARRETT. Well, we of course did not want to cancel the Phoenix at this point in time, and we were forced into that position, basically, as a question of affordability.

Senator McCAIN. Do you have any plans to satisfy this shortfall?

Secretary GARRETT. I would have to take that for the record, Senator, if I could. I am not—this does not come to the fore at this point in time. But I will do that.

Senator McCAIN. Well, I would appreciate it.

I understand budget constraints, but it brings into question the premise upon which the original number of missiles was presented. It seems to me there is serious question here as to whether we originally needed them, or we are not equipping our aircraft with what in its own way is the only missile system of its kind, i.e., over the horizon, long-range intercept capability.

So, I would certainly appreciate for the record how we intend to satisfy those requirements.

Secretary GARRETT. I will provide that. I would like, I think, for the record, Senator, to say that in many instances, of course, in my view, the requirements have not changed. The threat continues apace.

Unfortunately, as the top line continues to go down, we must make decisions that will in fact increase the risk in the out years, and I think that is possibly a position that we find ourselves in.

But I will answer that question for the record, if I may.

[The information follows:]

PHOENIX

Senator McCAIN. The original requirement for the Phoenix missile was about [deleted] missiles. The DOD budget provides about [deleted] missiles. What is the impact of this shortfall?

Secretary GARRETT. The Navy's Phoenix "C" inventory objective is based on the number of targets expected to be assigned/encountered by naval forces in the event of conflict. The DOD budget provides approximately [deleted] Phoenix "C" missiles achieving [deleted] of inventory objective established by OSD. Additionally, there are approximately [deleted] older Phoenix "A" missiles in inventory that are being phased out due to compromise and technical obsolescence. Based on other missile inventories at program termination, the probability of conflict requiring the use of AIM-54 and follow-on replacement development, we feel our inventory supports an acceptable risk.

Senator McCAIN. Well, I guess what I am also trying to say here, and perhaps not in the most articulate fashion, is that those of us who believe in the maintenance of at least 14 carrier battle groups are crucial to maintaining the roles and missions and commitments this Nation has, find it hard to justify, unless we can assure the people we represent that indeed there is enough aircraft, and capable aircraft, on board those aircraft carriers to justify their existence.

I am sure that we will be exploring this issue quite a bit in the future.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator McCain.

I believe Senator Lott is next.

Senator LOTT. Thank you, Mr. Chairman.

I, too, would like to join my colleagues on the committee in welcoming Lawrence Garrett, and congratulating you on your selection.

You obviously are extremely qualified for this position. You will be a very able successor to Will Ball, and I would like to join the chairman and the others who say that we have enjoyed working with Will Ball and wish him the very best, and now are looking forward to working with you in this very, very important role.

I think it probably goes without saying, but I too want to join my distinguished colleague from South Carolina in making sure that you understand that you have a standing invitation to Pascagoula, MS, the home of the destroyers, cruisers, and LHDs. We will be looking forward to having you down there to take a look at that facility.

Secretary GARRETT. Thank you, Senator.

Senator LOTT. You know, I was looking at the numbers, and the budget proposal, and it looked to me like the Navy took a little bit more than its share of the cuts. I do not expect you to nod or comment, but I just say that to point out that it is obvious why you are on the team. You also have to be a very strong advocate.

I think with each succeeding year, the numbers are going to be difficult.

Secretary GARRETT. Yes, sir.

Senator LOTT. But I think the Navy did take a little bit more of a whack than it should have.

Just a couple of questions. We had very interesting testimony before one of the subcommittees of the full committee a couple of weeks ago from General Cassidy, who is the Commander in Chief of Transportation Command.

He described the state of our Merchant Marine in the very bleakest of terms. And he did so in the context of our overall sealift capability in time of war. He has proposed for adoption, something that is now going through the process which he referred to as a National Sealift Policy, and suggested that this is a remedy to our problems in this area.

Now, I believe in looking over your answers to questions provided by the chairman, there were questions about maritime strategy, and our sealift capability. What do you make of this problem? Do you think we should have a National Sealift Policy?

Secretary GARRETT. I think clearly we need a National Sealift Policy, Senator. Whether or not, and how fast, we can implement such a policy I think is going to be as much a function of fiscal constraints as are some of the other policies that we have.

I think it is a national problem. The Navy and the Department rely to a very large degree on the sealift capability of our Merchant Marine, which has been declining.

Senator LOTT. Which is almost nonexistent.

Secretary GARRETT. Yes, sir, and continues to decline. And for that reason, I think we need to look at this issue, and determine how best to address it.

But I would caution that in doing so, the resources to implement the recommendations—and I would hasten to add that I have not seen the proposed national policy.

Senator LOTT. I would like to urge you to take a look at it. I thought it was a very interesting and innovative approach.

Secretary GARRETT. I will look at it, sir.

But there is no question but that we have a national problem on our hands that we must deal with, I think, on that level.

Senator LOTT. I think it is a national problem, and a serious problem. I have been hearing that said over 20 years that I have been in this city, and it continues to deteriorate. Everybody keeps saying, "It's a growing problem, it's a problem," but nobody does anything.

I do not think that the solution is necessarily one of just putting money and dollars into it, or having it under the jurisdiction of the Navy. That is why I think it needs to be something really innovative. We look for some other ways to make this happen.

I think that unless the Secretary of the Navy joins with people like General Cassidy in Transportation and addresses this problem, it is going to continue to be a growing, serious problem.

So I would urge you to take a look at what General Cassidy has proposed, and put this on your scope or something.

Secretary GARRETT. I shall do that, and I am sure that I will be working with General Cassidy on these issues—not only that one, but other transportation issues—in the future.

Senator LOTT. You had another question that was submitted to you that you responded to that I was very much interested in, regarding a concern that has been in existence for a long time about our amphibious shipping force levels and the inadequacy of shipping capability to deliver what we need with the Marines.

I would like you to respond today on that.

Secretary GARRETT. Well, we, of course, continue to work in that area, and in this budget cycle, one of the LHD's was moved from 1992 up to 1990.

We continue to work toward the goal of moving a MEF and a MEB and I will, hopefully as the Secretary of the Navy, work very closely with the Marine Corps to address that issue.

One of the issues with the LHD, of course, was that we were attempting in our proposal to provide a window of opportunity to use a different propulsion system, which we will not do now, with the LHD moved back in.

But we will continue to put the emphasis that we can, within the guidelines that we get from OSD, on those assets in the SCN account.

Senator LOTT. Thank you very much.

I certainly support your nomination, and wish you the very best.

Secretary GARRETT. Thank you, Senator.

Senator LOTT. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Lott. Senator Cohen.

Senator COHEN. Thank you, and Mr. Garrett, welcome.

I am not going to commend Admiral Lynch for his service. I have already done so. I took some time on the Senate floor recently, and will not take the time to repeat what I said at that time. Maybe I will have a chance to see him this evening, as well.

And I will not take the time to invite you to Bath Ironworks, knowing that its reputation is so superior to those of the other yards which are represented here, there is no need for me to do that. [Laughter.]

And I can also, I think, take it for granted that you are not proposing to bring the *Oriskany* back as one of your first recommendations, are you?

Secretary GARRETT. No, sir.

Senator COHEN. The Chairman of the Joint Chiefs and Secretary Cheney were before the committee this morning, and they indicated that they are going to adhere to the 14 carrier battle groups that carry out existing responsibilities.

Of course, that assumes that we are going to have an opportunity to maintain the same structure that we have today. I think they are making assumptions, for example, that we will continue to have existing base rights, which I am quite skeptical about.

I think, for example, that we will have to look closely at what is going to take place in the Philippines, South Korea, and maybe other areas on the Pacific Rim, because a growing sense of nationalism may dictate that we reduce our land based forces there.

I believe it will force us, whether we like it or not, to shift to an even greater reliance upon maritime resources. So, I think that to say that we have got the 14 carrier battle groups, and that is going to be sufficient to carry out existing responsibilities, may be a bit short-sighted at the current time, and that we may have to plan, in the not-too-distant future, for increasing our naval capability.

The second point I would like to make is that we recently had some hearings, and the Navy apparently decided to give up some of its nuclear capability—Asrock, Subrock, and some of the other systems.

I was surprised that this was done with very little fanfare. For example, back in the early 1980s, we gave up some 2,400 battlefield nuclear weapons in Europe, unilaterally. We received not a handclasp in the United Nations and not a word of praise or a paragraph in Pravda.

It went virtually unnoticed, contrary to what is being done now with the Soviet Union being heralded for all of these new unilateral initiatives. We got not a single word of credit for that.

I was curious as to why we would unilaterally give up these systems, recognizing that yes, we need more space, recognizing yes, we have a greater conventional capability today, or are developing it.

But why, number one, give it up, without seeking to negotiate the elimination, and number two, if we can't negotiate their elimination, why do we not seek to make a much bigger public relations display of the fact that we are unilaterally eliminating certain nuclear capable weapons at sea?

Secretary GARRETT. Well, sir, I would like to put, if I may, that set of circumstances in a frame of reference. I think as the Under Secretary I was not a participant in the process. That was the product of a study that had been ongoing for some time, I understand, directed by the CNO in his operational hat.

This is the proposal at this point in time, if I understand it correctly, that has been submitted to him and approved, but not yet implemented. Essentially, as I understand it, all three of those systems are, of course, 1960s technology. We are working on a system—Sealance—which we are hopeful to bring on board, and we will be working on the nuclear variant.

Your point, of course, is well taken. I simply do not have the facts to respond to it. I would ask myself the same question, because certainly, I think, we could have obtained some greater benefit from not making the decision unilaterally.

Senator COHEN. We are in a very extensive public relations campaign, and we are not doing very well at it. We are supposed to be the masters of it in this country, with all of the high-price advertising companies and public relations firms here and elsewhere. Yet this is something, I think, of significance which has gone virtually unheralded and as a result unnoticed.

The Commandant indicated in testimony that the most likely use of the Marine Corps in the future will be that of unconventional operations. Now, he also testified that the doctrine organization and tactics developed for conventional conflicts are not well suited for low-intensity conflict. Would you agree with that statement?

Secretary GARRETT. I am sorry, Senator. Would you repeat that?

Senator COHEN. Do I get extra time to repeat that?

Secretary GARRETT. I was thinking about the first part, and not paying attention to the second part. I apologize.

Senator COHEN. The Commandant basically said, look. The Marine Corps is going to be involved, if at all, in unconventional types of conflicts, and yet we are least suited tactically, organizationally, and doctrinally for these unconventional conflicts.

Would you agree with the Commandant's assessment?

Secretary GARRETT. Actually, Senator, I think it would be better if I deferred to the Commandant, because I have not studied those issues as he has.

I honestly do not feel qualified to express my own independent opinion.

Senator COHEN. Well, I am sure that if you study the issue as well as Commandant Gray that you will probably come to the same conclusion—that the Marine Corps is somewhat alarmed about the decision to cancel the Osprey.

If, in fact, we are looking forward, unfortunately, to low-intensity conflict, unconventional conflict, whatever the name might be, it seems to me that the decision to cancel the Osprey undercuts the statement that everyone, from the Secretary of State on down continues to make, saying that this is the most likely type of conflict. This is also the type of conflict we are least capable of dealing with today and tomorrow.

And yet every time we start to shape our forces to conform to the threat along comes the budget and we say not this year—as a matter of fact, not ever, as far as the Osprey is concerned, if the Secretary's decision stands.

That is one of the reasons I think there is such concern up here on the Hill as to why that decision had to be made, given the "budget constraints."

Secretary GARRETT. I certainly would agree with the first part—the unconventional Third World type of scenario is the most likely scenario that we will find ourselves in. Certainly that has been my experience in the time that I was in uniform.

Senator COHEN. You will defer to the Commandant on the second part?

Secretary GARRETT. Yes, sir.

Senator COHEN. All right.

You may want to go back and check that before you get back to me.

Secretary GARRETT. I do not have to, sir. We have had many conversations.

Senator COHEN. My last question is about the Panama Canal. There have been a lot of articles written about the kind of abuse that our military families are receiving down there. Are you aware of their accuracy?

Secretary GARRETT. I am not, Senator. That has not been brought to my attention in that context. I mean, some of the incidents that have occurred involving our forces from time to time have been brought to my attention, but not that particular issue.

Senator COHEN. If you would, I would appreciate it if you would start looking at some of the incidents involving the terrorizing of American families.

Secretary GARRETT. I certainly will, Senator.

Senator COHEN. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Cohen. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

Welcome, Mr. Garrett. We join the others in wishing you all the best.

Secretary GARRETT. Thank you, Senator.

Senator LEVIN. Senator Cohen has asked a question about the Osprey.

Did I understand your answer to be that you did not feel qualified to give an opinion on what the effect of that cancellation would be, or did I——

Secretary GARRETT. No, sir.

I regrettably did not understand the thrust of his question when he first asked it, as it related specifically to the Osprey.

Our position is, and has been, that the Osprey provides a capability, clearly, that we do not have today. However, I must stress that on three occasions, as the Under Secretary and the Acquisition Executive, I have argued the Navy's case before the Secretaries, both Secretary Carlucci and Secretary Cheney. We made the best arguments we could make, and within our program, we found room for it. But when he looked at the broader spectrum, if you will, of the issues that he has to deal with, he made the decision, and we have to abide by that, sir.

Senator LEVIN. Last year, Vice Admiral Dunn in testimony before the House Armed Services Committee said that we have still not filled the resupplied pipeline and the forward prepositioned inventories of several of our newer, more sophisticated weapons like HARM, Maverick, Phoenix and Harpoon.

The administration budget calls for reductions in missile systems like the HARM, Maverick, Phoenix. What is the impact of those reductions on Navy readiness?

Secretary GARRETT. Well, I think the readiness levels today, Senator Levin, have never been better. What it will do, of course, is slow down the achievement of the goals that we have set for ourselves, and in some instances as was pointed out with the Phoenix missile situation, we will fall well short of our required inventory.

That will, of course, in a scenario wherein we would find ourselves using those weapons, have, in my view, a negative impact.

Senator LEVIN. How negative? Will this be a significant reduction in the Navy's capability?

Secretary GARRETT. I do not believe it is a significant reduction in its capability. It is a reduction that we would have preferred not to see. But I think our readiness is one of the areas that was least affected by the cuts that we have made to date, both in 1989 and 1990.

Of course, if we are forced to make additional cuts, it will just further increase the risk that we will expose our people to.

Senator LEVIN. The budget also makes a proposal to retire some P3 aircraft—73 of them, I believe—which are used for anti-submarine warfare. The Reserve, which well performs that ASW role, uses the P3.

Secretary GARRETT. Yes, sir.

Senator LEVIN. What role do you see for the Navy Reserve in the ASW mission, and what will be the effect of the retirement of those planes on the Reserve's ability to perform that ASW mission?

Secretary GARRETT. I do not think that it is going to negatively impact on their ability to perform the mission. In fact, the scenario as it is put forth in the budget, Senator, as you point out, does retire those older A's and B's. The A's of course, are more limited than are the B's.

I think the B's are currently effective against about 60 percent of the threat. What we will end up doing, of course, is reducing the number of aircraft in our active squadrons by one, from 9 to 8. We will replace all of the B aircraft in the active inventory with P3-C's, our most capable aircraft, and we will end up transferring two C squadrons to the Reserves.

So we will end up with 10 Reserve squadrons with a PAA of 6, of the P3 Bravos, and three Reserve squadrons, where we have one now, with the P3 Charlie, the most capable aircraft.

So on balance, I think it is not going to have that negative an impact.

Senator LEVIN. Finally, you and I have talked a bit about a subject which we went over at a hearing in front of a different committee, which is inside information and the lack of uniform rules among the services as to what constitutes inside information, which creates havoc out there among contractors who are looking for some clarity as to what they can do and what they cannot do, and havoc among the people who are our contract managers, also.

There is just a lot of confusion and uncertainty, and there was some suggestion at that other hearing that there be some uniformity in the DOD. There is a commitment to achieve that, or to seek to achieve that promptly.

Can you assure us that you are going to actively pursue that commitment?

Secretary GARRETT. I certainly will, Senator.

I think, as you pointed out during the hearing, there is probably no valid reason that we have a lack of uniformity in that area. It is probably more a product of history than anything else.

I support your position, certainly, and I did ask the question, when I went back after our meeting. Unfortunately, I have not yet gotten an answer, but I will pursue it.

Senator LEVIN. Thank you.

Chairman NUNN. Thank you, Senator Levin.

Senator Wilson.

Senator WILSON. Thank you very much, Mr. Chairman.

Mr. Chairman, I have a statement that I would submit for the record.

[The prepared statement of Senator Wilson follows:]

PREPARED STATEMENT OF SENATOR PETE WILSON

I wish to welcome Secretary Garrett before the committee this afternoon and commend him for his prior distinguished service in the Reagan White House, the Office of the Secretary of Defense, and the United States Navy. I sincerely believe that Mr. Garrett's experience in government and demonstrated management ability have prepared him to be an outstanding service Secretary.

Mr. Chairman, I would like to focus on a vital component of the Defense Department's mission—drug interdiction—that Congress codified in an amendment to the DOD Authorization Act last September, the so-called Wilson-Nunn provision. As the committee begins to hear testimony from the Department's top leadership on the fiscal year 1990 budget and executive confirmations, I plan to question, starting today, the relevant service Chiefs and Department officials on DOD's progress in meeting the requirements of the Wilson-Nunn amendment.

This issue must become a top priority of the administration because one of the major national security threats faced by the United States is that posed by illegal narcotics. Illicit drugs entering our country destroy the very roots and social fabric of our Nation.

The lives of our children are threatened and the level of violent crime in communities all across the Nation is threatening. A recent study by the Department of Justice found that in 12 major metropolitan areas across the United States, between one-half and three-fourths of the men arrested for violent crimes tested positive for the use of illegal drugs.

In response to the justified cry from our constituents for leadership, Congress responded in part with the military-drug interdiction amendment to the FY 89 Defense Authorization Act. This legislation established DOD as the lead agency for coordinating the command, control, and communications assets of relevant Federal agencies for the monitoring and pursuit of drug smugglers in the air and on the high seas. It also made a variety of Defense Department, National Guard, and Reserve assets available to civilian drug enforcement agencies for tracking narcotic smugglers and conducting border inspections.

As I speak this afternoon, an act of violence is most likely ripping apart a street corner business or an efficiency apartment a five minute drive from this room. This national security problem is real, it is growing, it is all around us, and the Defense Department's vast air, sea, and ground reconnaissance capabilities make it a natural defender of America in the struggle against narcotics. The enemy at our door this moment is not the Soviets, but the poison of drugs invading the bodies of our Nation's youth.

Seven months, Mr. Chairman, have now passed since the effective date of this bill, and the Department of Defense has yet to fully fund and implement one National Guard drug interdiction plan, it has yet to present Congress with a C3I integration plan, and it has yet to loan any significant active duty personnel to permanently support interdiction activities. The Defense Department, in my view, has not sufficiently responded to the instructions of law even though Congress appropriated $300 million last year for military drug interdiction activities and President Bush has requested another $317 million this year.

I fully recognize that the battle against drugs is a multi-front war, and we must work harder and provide more resources to curb the demand for narcotics within our own borders. The impact of drug education, treatment, and rehabilitation programs, however, will be severely diminished if international trafficking cartels can ship illegal drugs to the United States with little fear of apprehension. As long as a steady flow of drugs can safely make it to the streets of America, urban gangs and other thugs will impose their terror on the neighborhoods and citizens of our Nation with impunity. We are at war, Mr. Chairman, we know the enemy, but the casualties and body count increase by the hour. America needs a stalwart defense against these new dealers of death. The drug threat is real, it is now, and you gentlemen of the Defense Department control the assets needed to solve a major part of the problem. I want action, the Congress has mandated action, and the American people are desperate for your action.

Senator WILSON. I will simply excerpt it at this point by adding to those in the swelling chorus of praise and sadness for the departure of Admiral Lynch, who has served his Nation in service well and will continue to do so.

We welcome Secretary Garrett, who I think is well-known to the members of this committee, and who we think is admirably equipped by experience and intellect and character to give the leadership required in the very important role of Secretary of the Navy.

Let me, in the interest of time, move to some questions. I had the privilege of a brief meeting recently with Mr. Garrett, so some of these questions he knows are of interest to me. He has not had a great deal of time to prepare any kind of detailed response, and I understand that.

But I am beginning today with you, Mr. Garrett, what will be an ongoing inquiry, not only to you but to the other service Chiefs and to Secretary Cheney, on the compliance by the individual services and by the Department with the requirements placed in the law last year as the so-called Wilson-Nunn amendment to the Defense authorization bill that involved the military in the interdiction of drug traffic into the United States.

Let me just say for the record, without going through several pages of argumentation and example, that as much time as the members of this committee spend worrying about national security, I think that it is a fairly common observance, and an accurate one, that our national welfare is more immediately threatened and more intensely threatened by the drug traffic than by any military threat that we are facing currently—not to depreciate the role of the military. I think my record is pretty clear as one that has not done so.

But I am dramatically alarmed about the increasing toll that is being taken on young people by the drug traffic. Even though we acted last year to put this requirement into the law, it has become somewhat fashionable, I note, among a number of critics of the inadequacy of our societal response to the drug traffic to depreciate interdiction as a method of attack likely to produce successful results.

I might say I do not find that attitude—depreciating interdiction—to be widespread among law enforcement. The street cops with whom I spend some time in California have the notion that their lives have made immeasurably more difficult and dangerous as a result of our failure as a Nation to interdict supply, and that in no way is an argument against making much stronger efforts on the demand side.

We have to do that, but to come to the requirement that we have placed in the law, what I would like to ask you—and as I say, you are only my first respondent in what is going to be an ongoing inquiry—the response thus far has been the report on February 15 which the Department provided. It was a requirement placed in the law for a report as to how the Department of Defense would respond to the requirement for cooperation on interdiction.

Candidly, I do not think the report adequately addresses the problem, and I think it is a first cut. It was late, I understand that. I am much more concerned about the fact that it is still pretty largely a conceptual and rather general set of statements.

But one of the statements in there was that a so-called master plan for drug enforcement focusing on satellite communications and telecommunications efforts had been developed. After that statement was made, a subsequent paragraph rather ambiguously describes the Department's role in implementing this plan as "fostering better coordination" in the law enforcement effort—that is, by civilian agencies—by providing technical advice and resource support.

Can you identify any examples of technical advice or resource support from the Navy that have been applied to the fulfillment of this master plan?

Secretary **Garrett**. First, Senator Wilson, let me say that I have not seen the master plan.

I know that the Chairman of the Joint Chiefs, and the Joint Chiefs of Staff were asked back in the early part of the year to come up with a plan of implementation.

I do know, as you know, that the Navy has provided a great deal of support, both in steaming days as well as sorties flown by a number of different aircraft—primarily our P3's—in the interdiction effort.

And, of course, as I indicated to you the other day, to the degree that the resources are available, as we are tasked by the Chairman of the Joint Chiefs in implementing this provision, we will respond as we have in the past.

I will look at that specific provision if I may, and get back to you as to whether or not we have done anything in the second quarter, let us say, of this fiscal year, to respond specifically to that.

Senator WILSON. All right, Mr. Garrett, I think maybe we ought to let you take the question for the record.

This is not personal. It is certainly not ad hominem, because your designate did not end the job yet, and it has not been your responsibility directly. But I do think that it would be a dereliction not to point out that some 7 months have passed since the requirement was placed in the law, and to my knowledge, though it is an old requirement that the Navy has been performing, one in a prior piece of legislation, I do not think that—let us leave the Navy, I guess, in fairness—but otherwise, I do not think that there has been a sufficient response, because I really cannot think of any concrete efforts that have been taken apart from the placement of Coast Guardsmen on some naval vessels.

I do not think that if they were pressed to do so, the Department could identify any concrete assets or resources beyond those naval vessels that have been involved yet.

As example, the February 15 report informed Congress that the Department has established a joint operational planning system to meet the provision of the military drug interdiction law, which makes DOD the lead agency for detection and monitoring of aerial and maritime smuggling.

The report claimed "that responsible commanders and report agencies have been identified, assigned missions, and tasked to begin a phased interdiction with the drug law enforcement agencies."

Again, in light of your earlier response, I will let you take for the record this question: can you provide the committee with a brief summary of which Navy activities participate in the JOPS and what assets have been assigned to help the civilian agencies.

Secretary GARRETT. I will certainly do that.

I know that we have joint task forces in Key West and in Alameda.

As I indicated to you the other day, as we take down some of the assets, the P3's, for example, we have offered up I think 15 airframes to the Drug Enforcement Administration.

Senator WILSON. I commend the Navy for that effort.

But what you are talking about is giving some resources that you are taking out of service to a civilian agency. I think that is commendable, and I also think it is just good sense.

What I am talking about, though, is the compliance that is required under the law, that existing military assets, those that are in the inventory and in operation, and specifically those having to do with the training of Reserve units, be employed in this mission that was assigned by the law, so that the reservists are flying real missions, not paper missions, and dealing, not at all incidentally, with I think the most significant threat to our welfare and security.

Secretary GARRETT. I agree with you, Senator, that it is the most significant threat to our society at this point in time. I would agree also that we should be participating as required by law.

I think that we, as I pointed out, have been participating and will continue as the taskings come to us from the Joint Chiefs who of course will be coordinating or setting forth the policy and the requirements that each of the services, including the Navy, will be responding to.

And I will, if I may, take specifically the question of what it is that we have done since that report came down, for the record.

Senator WILSON. Thank you, Mr. Garrett.

[The information follows:]

DRUG INTERDICTION

Senator WILSON. What is the Navy involvement in the drug interdiction mission in support of DOD requirements?

Secretary GARRETT. Navy policy is to provide maximum assistance to civilian law enforcement drug interdiction operations consistent with legal and military preparedness constraints. Navy ships and aircraft have provided sighting reports of suspect vessels encountered during routine operations; air and surface surveillance assets have been assigned to support Coast Guard and Customs drug interdiction operations; aircraft have been loaned to Customs (4 P-3/2 E-2) and Coast Guard (2 E-2) to enhance organic surveillance capabilities. Support is provided from Navy supply channels; base facilities have supported Customs and Coast Guard air operations; radar information from shore installations is shared; expert training courses are provided to U.S. law enforcement officials and their foreign counterparts; airborne radar systems have been provided to Customs and Coast Guard for installation in surveillance aircraft; personnel have been assigned liaison functions with the Vice President's National Narcotics Border Interdiction System and radar operators have augmented Customs' radar sites. Further, Navy ships have served as platforms for embarkation of Coast Guard law enforcement teams to interdict maritime drug trafficking. In fiscal year 1988 Navy provided over 7,000 flying hours and over 2,000 ship steaming days of support to Customs and Coast Guard. In the first 2 quarters of fiscal year 1989 the Navy provided over 4,600 flying hours and over 900 ship steaming days of support.

As implementation continues for the new DOD mission of lead agency for detection and monitoring of aerial and maritime drug trafficking, Navy participation can be expected to be in the forefront. The drug problem is recognized as a threat to national security and Navy will continue to work with law enforcement officials to optimize interdiction efforts.

Senator WILSON. Mr. Chairman, I would like to submit some questions for the record to the Secretary, much along the lines of those that I have asked Mr. Garrett this afternoon.

Chairman NUNN. Without objection, that will certainly be done.

Senator WILSON. Thank you.

Chairman NUNN. We are going to try to have a vote on the Wolfowitz nomination tomorrow morning, when we have the service Chiefs, so let us notify both sides of the aisle that we will try to interrupt and vote on the Wolfowitz nomination, to try and get a quorum here.

Let me just ask a couple more questions, Mr. Secretary.

We have a vote going on now, and I want to leave some time for Senator Warner. We probably have about 5 minutes left here.

In recommending that each service have an Acquisition Executive, my interpretation of the Packard Commission report was that this would be a full-time official.

You have been serving as Acquisition Executive and also as Under Secretary of the Navy. What is your view as to whether that concept does follow the Packard recommendation, and what will you plan to do as Secretary of the Navy?

Secretary GARRETT. Well, as you know, Mr. Chairman, the President's directed Management Review of the Departments processes is ongoing. I would like to await the results of that review and any direction that we may receive from the President and the Secretary as to a final decision.

I have tentatively concluded that if you see fit to confirm me, I would not take the Acquisition Executive role into the Secretary's office, if you will. I just see that as incompatible.

But where it would reside, I think I would like to, if I may, wait until the Management Review is done, and the recommendations are put forth to us, as to exactly where it will reside in the Navy.

Chairman NUNN. Who is doing that Management Review?

Secretary GARRETT. It is being done within the Department of Defense by Mr. Paul Stevens, who is doing it pursuant to NSR-11 issued by President Bush.

I think that it is due out on May 10, if I am not mistaken.

Chairman NUNN. All right.

Well, we would like to hear from you on that one, when it comes out.

In the answer to the questions that I posed to you, and you gave answers to in writing, one question concerns the 600-ship Navy, and so forth.

You mentioned the collective requirements of the maritime CINCS and you referred to those as the CINCLANT, CINCPAC, CINCUSNAVEUR and CINCSOUTH.

You did not refer to the other CINCs who are not Navy.

Secretary GARRETT. Well, I was specifically referring to what we call the maritime CINCs, that would be responsible for the employment of those assets in a war-fighting scenario.

Chairman NUNN. Better get rid of that term.

Secretary GARRETT. Directly, if you want.

Chairman NUNN. I would think that even if you are not a Navy person, that you would have some interest in the Navy if you were head of the European command, and CINC here and those kind of positions. Does it mean that you do not believe if you are not in a Navy uniform, and you are still as CINC, that you are not interested in the Navy, or was this just as oversight?

Secretary GARRETT. It certainly is not a reflection of the former.

Senator WARNER. I would join the chairman. I think it would be well for the Secretary of Defense to relegate that reference to oblivion.

Secretary GARRETT. All right, sir.

Chairman NUNN. That really gets to the heart of what we are really trying to instill in the reorganization—that it all flows together if we are going to have a war, and all the CINCs are going to need the Navy as well as the other components of that.

Senator Warner, why don't you go ahead?

Senator WARNER. Just quickly, Mr. Chairman.

Senator Wilson raised some questions about the participation of the Department of Defense in the overall nationwide Government drug interdiction program, and you, I think understandably, kept using the words "going to respond".

If I may lecture a bit, in a friendly way, it is time that we all initiate—every single person in the Department of Defense ideas to the extent that we can utilize the assets, the manpower and the knowledge of DOD in this struggle, which is a nationwide struggle against drugs.

Every ounce of effort and initiative that we have in that department should be used up to the point where it derogates our readiness for national defense.

Second, I really think the time has come, and you need not respond—the term 600-ship Navy has been with us for some time. There was a period when the President and the Congress were working toward a goal of 600 ships, but I think it has become a fictitious number and a victim of the budget process and the need to reduce the deficit in this country.

Therefore, I think we ought to talk in terms of new initiatives in terms of our ships that are needed to augment the present fleet and no longer try and cling to this fictional number 600. It may be more than 600 in the years to come, and it may be less, depending on the technological breakthrough in the design of ships, where one ship can do the mission of two of our current ships.

So, I believe that it has served its purpose and we bid it a fond farewell.

Last, I would hope that you would put in the record the top five priorities that you are going to initiate as Secretary of the Navy to help your personnel structure, and just make it a part of the record. We do not have time now.

Secretary GARRETT. I will do that, Senator Warner.

[The information follows:]

PERSONNEL

Senator WARNER. What are your top five priorities that you will initiate to help your personnel structure?

Secretary GARRETT. My top five priorities with regard to actions to improve Navy's personnel structure are interrelated and directly tied to readiness. In order to improve personnel structure and gain the resultant readiness increases I will have to consider quality of life, recruiting and retention. Quality of life issues bear on our ability to retain needed careerists. Retention improves performance as our force is more experienced and better trained. Higher retention also reduces recruiting goals, an important factor in an increasingly difficult recruiting market. The size of the force is also a major factor for two reasons. First, we must have enough people in order to generate reasonable sea/shore rotation patterns. Second, we must have sufficient personnel to accomplish necessary work without undue demands on our members. All of these issues are related and progress on one requires progress on all. Five of the key actions I intend to pursue as Secretary of the Navy are:

1. Improve quality of life for Navy members through:

a. Major improvements in the management of the health care delivery system.

b. Properly fund family housing and MWR services for members and their families.

c. Expand child care service methods to meet the varying needs of our active duty personnel and their families.

d. Properly fund manpower accounts to provide stable and predictable personnel policies and actions.

2 Improve compensation in needed special occupations as well as for the force as a whole.

a. Improvements for aviators and health care professionals (two areas of special concern at the present time).

b. Support of passage of the budgeted 3.6 pay adjustment for fiscal year 1990.

c. Closing the gap between military pay and the Economic Cost Index over the next few years (presently 10.1%).

3. Improve manning of Navy's shore and support establishment. The direct result of such improvement is better sea/shore rotation and quality of life for our careerists.

a. As we reduced the force structure in fiscal year 1990 ABS we eliminated all the billets from those ships we recommended for decommissioning. If, over time, we can slightly increase shore manning we can begin to correct the sea/shore imbalance that was created during the growth years of the 1980s when we grew sea billets by 37,000 and reduced shore manning by 4,000. The average career sailor presently spends 3.8 years at sea for every 3 years ashore. We should work to achieve a 3:3 balance.

b. Improved shore support for those at sea would be an important by-product of such action and would increase quality of life and efficiency of our Navy.

4. Quality of the force will be a key issue during my term as Secretary of the Navy. Three important avenues I will pursue are:

a. Application of the findings of Navy's current major task force on recruiting to improve quality of life, leadership, funding and support of recruiting, and reduction in first term attrition for DON.

b. Monitor the results of implementing the CNO's Equal Opportunity Task Force recommendations.

c. Monitor implementation of the recommendations of the Navy and Marine Corps study groups on women.

5. Improve the acquisition process by expanding the Alternative Personnel System used at Naval Ocean Systems Center, San Diego and Naval Weapons Center, China Lake to the entire civilian acquisition community.

Senator WARNER. I thank you very much.

Secretary GARRETT. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner.

We will conclude the hearing at this point.

Mr. Garrett, we have received all of the necessary papers with the exception that Senator Warner and I have not reviewed the FBI report. I understand it is available, has just become available, therefore we will be doing that, and we may need to get back with you for some other questions.

But at this point in time, I think that this is all we have, and we will certainly get back with you if we need to get any other answers.

Secretary GARRETT. Thank you very much, Mr. Chairman.

Chairman NUNN. Thank you for being with us today.

Good luck to you, and thank your family for coming.

Secretary GARRETT. Thank you.

[Whereupon, at 4:15 p.m., the committee was adjourned.]

[Prepared questions submitted to Secretary Garrett by Senator Sam Nunn prior to the hearing follow:]

DEPARTMENT OF THE NAVY,
OFFICE OF THE UNDER SECRETARY,
Washington, DC, April 26, 1986.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of 13 April 1989 and the opportunity to share my views on a number of very important issues which presently face the Department of the Navy. Answers are provided to your specific questions at the enclosure.

I look forward to appearing before you and the Committee on Armed Services in the near future. As always, if I can be of any further assistance, I hope you will not hesitate to contact me.

Sincerely,

H. LAWRENCE GARRETT III,
Under Secretary of the Navy.

Enclosure.

MOST SERIOUS PROBLEMS

Question (1). Given your service as Under Secretary of the Navy, what do you consider to be the most serious problems in management and operation of the Department of the Navy? What management activities and timetable would you establish to address these problems?

Answer. The two most serious problems in management and operation of the Department of the Navy during my tenure are not completely susceptible to resolution by the Department of the Navy, or, in some cases, within the Department of Defense or even the Executive Branch. They are, in my view, the following:

The difficulty posed for rational planning and resource allocation, not to mention program execution, by dramatic short-term perturbations in funding, both at the top-line resulting from overall fiscal constraints and within individual programs as a result of congressional oversight and direction. Resource allocation has, of necessity, been driven too much by budget needs, and not enough by our planning and programming community.

The increasing difficulty of attracting and retaining the top-flight sailors, marines and civilians so essential to fulfillment of every aspect of the Department's mission.

With respect to the first problem, it is essential that the Department of the Navy programming and budgetary process produce a balanced, affordable, executable program which conforms to the national strategy and the Defense Guidance. Moreover, it is equally important that the Secretary of the Navy articulate and defend that program within the Department of Defense programming and budgetary process, and work with the Secretary of Defense to adjust it prudently if necessary.

Finally, there is the growing issue of attracting and retaining quality personnel. Let me first note our problems with regard to military personnel. No other resource is more essential than our incredibly hard working men and women. The compensation gains of the early 1980s allowed us to attract and retain the enthusiastic, patriotic and bright personnel we have today. However, we are seeing the results of our increasingly non-competitive compensation and a high employment economy today. Since 1984, overall Navy retention rates have declined an average of one percent per year. A one percent decline equates to a requirement to recruit an additional 2,000 personnel. The declining retention rate is directly related to the widening gaps between the employment cost index and military compensation rates. Today, despite the recent pay increases, the disparity stands at 10.1 percent.

Maintaining today's quality personnel in the future will require competitive compensation programs. There is no question that recruiting and retention will become increasingly difficult. The strong economy, the growing demand for high school graduates, and the declining eligible youth pool will demand adequate compensation and innovative retention and benefit packages in order to compete for the quality men and women we will need to man our Navy and Marine Corps.

I have similar concerns about our continued competitiveness in the civilian labor market, especially for key positions in the Department's overwhelmingly civilian research, development and acquisition establishment. Study after study—from the Quadrennial Commission, to the Volcker Commission, to the President's Commission on Compensation of Career Federal Executives, of which I was a member—has called attention to the dramatic and increasing disparity between the compensation of Federal employees and their counterparts in the private sector. Effective relief for our difficulties in this area has two components: a meaningful increase in compensation, and increased flexibility to structure personnel incentives within the top line.

RESPONSIBILITIES TO THE SECRETARY OF DEFENSE

Question (2). Should you be confirmed as Secretary of the Navy, what would you view as your principal responsibilities to the Secretary of Defense?

Answer. If confirmed, my principal responsibilities to the Secretary of Defense would, of course, be those prescribed in 10 U.S.C. section 5013 (b) and (c). In an era of fiscal constraint which is severe both in terms of the recent past and the level of unconstrained requirements we face across the potential spectrum of conflict, it is particularly important to provide maximum assistance to the Secretary of Defense in making the difficult resource allocation and force structure decisions which will be required. In order to do so, I believe it is critical for me to ensure that the Department's programmatic and budget proposals are balanced, affordable, executable and compatible with the Secretary of Defense's guidance, to identify and eliminate that which the Navy and Marine Corps can do without; to articulate forcefully the need for that which they must have to fulfill their mission; and to work with the

Secretary of Defense to identify the most prudent areas and means for further reductions when they are required.

DEFENSE ISSUES

Question (3). Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations and the special operations and low intensity conflict reforms? What leadership role would you play in the full and timely implementation of these reforms? What do you understand the role of the Secretary of the Navy to be under the Goldwater-Nichols Act relative to the unified and specified combatant commands?

Answer. I fully support complete implementation of the letter and spirit of the Goldwater-Nichols Act, and requirements of law and regulation pertaining to the Packard Commission's recommendations and special operations and low intensity conflict.

If confirmed, I will work closely with the Secretary and Deputy Secretary of Defense, and my Army and Air Force counterparts, to complete the implementation of the Goldwater-Nichols Act.

The creation of the Special Operations Command revised the department's organization for certain types of low intensity conflict. As a result of that legislative initiative, the Navy Special Warfare was established as the Navy component of SOC and all CONUS-based Navy special operations forces are assigned to this organization. More recent legislation gave CINCSOC additional budget responsibilities in the management of the special operations POM and budget issues. This will make that relationship even closer as we work to elaborate jointly a coherent program to provide and maintain the forces that represent a unique national capability. There are, of course, specific requirements relative to the Navy's special warfare community and its relationship with the Marine Corps stemming from the department's need to utilize Navy SEALs in the amphibious assault mission. The integrated relationship between these forces must be taken into account as we plan for the future. I am certain through working closely with CINCSOC, we can achieve the required integration of special operating forces relative to special warfare in a maritime environment.

Finally, under current law, I view it as my responsibility to acquire, equip, man and provide for the training of the naval forces the CINCs require. In an era of limited resources, the Navy Department must continue to strengthen its close coordination with operational commanders to build a POM that will support this nation's defense needs in the most efficient manner possible.

RELATIONSHIPS TO THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Question (4). In your view, what should be the relationships of the Secretary of the Navy and his acquisition subordinates to the Under Secretary of Defense for Acquisition? Do you fully support the duties and authorities prescribed in law for the Under Secretary for Acquisition?

Answer. I fully support the duties and authorities prescribed in law and implementing directives for the Under Secretary of Defense for Acquisition. The relationships among the Under Secretary for Acquisition, the heads of the Military Departments, and the Service Acquisition Executives were described in detail in written communications to the Committee by then-Secretary Designate Cheney and then-Deputy Secretary Designate Atwood prior to their confirmation hearings. I subscribe fully to their description of the relationship.

ACQUISITION REFORMS

Question (5). You have served as the Acquisition Executive in the Department of the Navy. How would you assess the progress in implementing the defense acquisition reforms recommended by the Packard Commission or mandated in law? What do you consider to be the most serious problem in the defense acquisition process? Do you believe that there is a need to streamline the defense acquisition bureaucracy?

Answer. I believe that the Department of Defense and the Department of the Navy have made substantial progress in establishing the streamlined organizational structure recommended by the Packard Commission and required, in certain respects, by law.

The Under Secretary of Defense for Acquisition has been established, his authority defined by law and regulation, and a staff assembled which provides him integrated support for acquisition policy and decision making.

The Defense Acquisition Board has been formed, with the Under Secretary as Chairman and the Vice-Chairman of the Joint Chiefs of Staff as Vice-Chairman.

The creation of the Vice-Chairman's position, and his participation in the DAB and the Joint Requirements Oversight Council, as well as reforms in the budget process have enhanced the voice of the combatant commanders in acquisition and resource allocation decisions.

The Department of the Navy abolished the Naval Material Command prior to the Packard Commission's report, and has established a streamlined three-tier acquisition chain of command for both major and non-major programs.

However, there are major issues which remain to be addressed and which must be resolved if organizational changes are to substantially improve the weapons acquisition process. I consider the following to be the most pressing problems in the defense acquisition process.

Creating a stable fiscal environment and streamlining Congressional oversight. Funding stability is the essential prerequisite to success of internal reforms.

Increasing the authority and accountability of program managers. In addition to organizational streamlining, a number of other reforms are required to ensure that program manager's have authority commensurate with their responsibility as envisioned by the Packard Commission.

For future streamlining to be effective, there must be a reduction in oversight requirements. If oversight requirements are reduced, I believe there is room for further streamlining of the defense acquisition establishment, by strengthening the authority and accountability of the program manager and reducing the size of oversight staffs. However, we should not assume that this would or should result in a reduction of the overall acquisition work force, as our program managers need substantially more resources to carry out their responsibilities then we presently allocated to them.

MANAGEMENT LESSONS OF PROCUREMENT SCANDAL

Question (6). What management lessons have you drawn from the involvement of Department of the Navy personnel and contractors in the "Ill Wind" procurement scandal? What steps is the Department of the Navy taking to reduce reliance on consultants for procurement policy functions?

Answer. Information emerging from the ongoing "Ill Wind" investigation thus far indicates that a relatively small number of Navy employees, together with certain so-called "consultants" and employees of certain contractors, have engaged in conscious and—in some cases—quite sophisticated efforts to subvert the integrity of certain procurements. We are responding to the information developed thus far with a number of initiatives to:

Strengthen our ability to deter and, when deterrence fails, detect and punish such criminal conduct by:

Dedicating Naval Investigative Service assets to our major acquisition commands to provide enhanced fraud awareness training and strengthen investigative capabilities.

Developing a uniform curriculum on standards of conduct and safeguarding of acquisition information, and implementing it through mandatory initial and refresher training throughout our acquisition system.

Reduce areas of vulnerability in negotiated acquisitions by:

Prohibiting multiple best and final offers (BAFOs) without high-level approval.

Seeking expanded statutory authority to make "best value" awards based upon initial proposals, without the need for BAFO.

Reducing the utilization of contractor support to perform functions directly associated with sensitive aspects of the procurement process.

Last fall, as a consequence of concerns associated with the ongoing "Ill Wind" investigation, we directed our major acquisition commands to review their utilization of contractor service support (CSS) and develop a proposal to minimize its use in sensitive areas of the procurement process by the end of fiscal year 1992. Shortly thereafter, a Naval Inspector General (NIG) report identified a need to restore certain in-house engineering capability within Naval Sea Systems Command (NAVSEA), and the Commander, NAVSEA proposed an initiative to respond to the NIG concerns.

As a consequence of both of these developments, we have approved and incorporated in the President's budget submission, a plan to reduce our level of CSS effort and, at the same time and without overall additional cost, increase our civilian end strength to absorb those functions which have been identified for conversion and were performed formerly through CSS.

MARITIME STRATEGY

Question (7). For a number of years, senior civilian officials and military officers in the Department of the Navy promoted what they called "The Maritime Strategy". Some viewed this as a valid strategic framework for the employment of naval forces within overall U.S. strategy and others saw it as a parochial marketing device to gain more resources for the Navy. In testimony before this Committee in 1987, Admiral Crowe, the Chairman of the Joint Chief of Staff, stated: ". . . there is no such thing as a 'maritime' or a "Navy' strategy for the United States. We have a national strategy and we have a national military strategy. I do not believe the scheme known as a 'maritime strategy' is a strategy". How would you characterize the scheme known as "The Maritime Strategy"? If it is not a strategy, why is it called a strategy?

Answer. Our national security strategy is based on deterrence, forward posture and coalition defense. The "Maritime Strategy", is in reality no more than the maritime component of U.S. National Military Strategy. It is not a war plan, nor does it address specific tactical application of forces. It represents the collective judgment of the senior leadership in the Navy and Marine Corps as to how best to employ U.S. naval forces to meet our national objectives in peacetime, crisis and war. Fully consonant with both national and NATO strategies, it is based on joint threats and capabilities. As the principal statement of the employment of maritime forces, the "Maritime Strategy" has several purposes. Primarily it provides a global view of fleet operations, for deterrence and crisis control. Should deterrence fail, it shows how fleet operations can be integrated for a global conventional war with the Soviet Union. It also provides a context for the day-to-day U.S. fleet operations: routine fleet deployments, exercises, war games and frequent requirements from the NCA for rapid response in times of international crisis. The strategy also acts as a framework for operational requirements which shape the Navy and Marine Corps inputs to the Planning, Programming and Budgeting System (PPBS). These in turn drive the priorities of our research and development programs and govern decisions regarding future force structure. As such, the "Maritime Strategy" is a dynamic concept which both influences and reacts to fleet operations and budgetary issues.

The "Maritime Strategy" is called a strategy because it embodies a set of strategic principles, not because it represents in any way a war plan or operational doctrine that would be applied unthinkingly in the event of war. We as a maritime power have to recognize that there are many roles that can only be fulfilled by naval forces, operating at sea in a high state of readiness. There is a national requirement for employment of maritime forces and therefore, a maritime component of our national strategy. I can think of nothing more dangerous than to let ourselves be caught up in a semantic misunderstanding in the present circumstances. Good strategy is not carved in stone, but is a vibrant concept of operations adaptable to changing circumstances and changing resources. The good commander knows how to accommodate both. The principles of naval warfare, and the strategy we might use to ensure the prompt and sound employment of our naval and marine forces at sea are under constant review. This is as it should be. The "Maritime Strategy" is updated annually to ensure its relevance to the global political, economic and military environment in which U.S. defense interests must be represented. Today's strategy recognizes the changing posture of the Soviet threat and emphasizes forward presence to provide conventional deterrence and stability against world-wide terrorist activity and low intensity conflicts.

Let me conclude on this note. We are a maritime nation. If we did not have a set of principles that represented our own thinking on how we might defend ourselves and preserve our alliances in time of conflict or crisis, we would be justifiably subject to criticism. We have those principles, and they must remain both in the Navy's and the nation's consciousness, and I intend to do my utmost to see that they are not lost sight of in the present debate.

GOAL OF A 600-SHIP NAVY

Question (8). The goal of a 600-ship Navy has not been attained although some force goals within it—particularly for submarines and aircraft carriers—have been, or soon might be, attained. However, there appears to be a number of obstacles to achieving a 600-ship Navy in the foreseeable future: budget constraints; a potentially unbalanced force with inadequate numbers of anti-air warfare ships; the need for more sealift; impending bloc obsolescence of several ship classes; and increasing ship construction costs. Given these obstacles, should the goal of a 600-ship Navy be retained or should the goal be to create a balanced force at lower levels?

Answer. The Department of the Navy remains committed to the 600-ship goal as the Secretary and Deputy Secretary discussed during their confirmation hearings. Force structure goals must be related to success in conflict. Approximately 600-ships represent the collective requirements of the Maritime CINCs—CINCLANT, CINCPAC and CINCUSNAVEUR/CINCSOUTH in order to meet their commitments

In the current fiscal environment, it is necessary to focus scarce resources on those components of the 600-ship force that have the highest utility in all areas of potential conflict. In this regard, the ships and aircraft of carrier battle groups stand at the top of the priority list. The ability to operate large numbers of tactical aircraft from "mobile airfields" is at the very core of our Navy's value to the country in both today's nonviolent peace and in global conflict.

It is the capability of embarked carrier airwings that makes deployed naval forces so important in today's fragile peace. Forward deployed carrier battle groups have been repeatedly called upon to demonstrate United States resolve, defend our interests and preserve or establish regional stability. The ability to preserve or discourage the spread of conflict has proven itself over and over again to be a powerful tool for our national decision makers.

Just as the carrier battle group is a pivotal force in deterring conventional conflicts and our Trident, SLBM forces are a vital part of our strategic deterrence, the attack submarine is the force with the highest leverage in global conflict. Attack submarines are a true competitive advantage. They match a U.S. strength against a known Soviet weakness in ASW. As a result, our SSNs can place every element of the Soviet Navy that is afloat at risk. This is a powerful deterrent. Because submarines are complex and take a long time to build, it is essential to continue moving toward the 100 SSN goal. We cannot wait until a crisis to turn out an adequate submarine force.

I recognize that achieving a 600-ship Navy will be delayed because of other national fiscal priorities. Perceptions about a less threatening Soviet Union and our national deficit have resulted in the misconception that a 600-ship Navy is no longer needed. The 600-ship Navy continues to represent a valid statement of the needs of our maritime theatre commanders.

ACTIVE/RESERVE FORCE MIX

Question (9). As you know, former Secretary of the Navy, John Lehman, has argued publicly for a U.S. naval force of 450 active ships and 150 reserve ships. Do you support Secretary Lehman's proposal? If not, how many additional ships can be shifted to a reserve status?

Answer. I strongly support the Navy's Total Force approach, the objective of which is to balance Active and Reserve forces so that together they provide adequate force structure for deterrence, and the capability to respond to situations ranging from crisis and low intensity conflict to war. The Act component must be manned and equipped to meet normal forward deployed requirements, and the Reserve component must be manned, equipped, ready and available for situations in which mission areas assigned to the Reserve are needed.

Maintenance of the delicate balance between adequate active forces to meet both normal forward deployment and contingency operations, and reserve forces which are normally only available when the Nation mobilizes, is at the heart of our Total Force Strategy. The Navy's Active/Reserve Force mix must, of course, be considered in the context of a national strategy and the overall force mix of the U.S. Armed Forces.

The pivotal considerations in sizing the reserve force are (1) the availability of reservists to man reserve ships, and (2) the number of active ships required to ensure prudent risk in numbers of deployed forces while maintaining an adequate turn around time between 6 month forward deployments.

The plan advocated by former Secretary Lehman would essentially triple the number of ships in the reserve force. A shift of this magnitude is not supportable without major shifts in national strategy and concomitant changes to the Navy's mission and tasks. We must have adequate numbers of active ships to meet our normal peacetime requirements.

In deciding the Active Reserve mix, it is important to consider:

The availability of Reserve assets. If scarce resources are to be invested in manpower, modern equipment, and training for the Reserves and a sizable portion of Navy's warfighting capability is placed in the Naval Reserve, it is imperative that the operational commanders have immediate access to those assets for use across the entire spectrum of conflict.

Demographics. The availability of sufficient manpower with the proper skills within a reasonable driving distance to the prospective reserve ship is a key consideration. Unlike the Army and Air Force, which can distribute small elements of a reserve unit throughout a State, naval reserve ships are obviously confined to limited number of ports in the littoral states. As a result, the available manpower pool is limited without spending a great deal of money flying reservists to their reserve ship for weekend drills.

Another aspect of the demographic problem is the fact that ships are different from other military hardware. Unlike tanks and aircraft one cannot garage or hanger a ship between reserve weekends. A ship is like a city. You must provide for an around-the-clock, 7-day-a-week crew to be the maintenance department, fire department, sanitation department, security force, etc. As a result, a significant percentage of today's reserve ship crews are active duty sailors. When reserve crew manning falls short, active manning must be increased to ensure the ship does not deteriorate. This reduces cost savings.

Costs. There is a perception that shifting forces to the Reserves automatically results in cost savings. That perception is not accurate. Savings accrue because of reduced manpower and operating costs. If, as noted above, Reserve ships are manned like Active ships, savings are diminished. The additional training costs, supporting MILCON and transportation to and from drill periods for a reserve force of the size being discussed further reduces anticipated savings. The net result is questionable savings and significant reduced readiness to respond to crises where naval forces present a stabilizing influence.

CARRIERS

Question (10). For the past 2 years, Members of Congress have argued that Navy capabilities could be better balanced by retiring two World War II vintage aircraft carriers earlier than planned. These proposals would have maintained the current force level of 14 carriers until 1997 when the first of the two carriers funded in 1987 would enter service and increase the force to 15 carriers. Given budget pressures and the apparent imbalance in Navy capabilities, does the early retirement of two aging carriers make sense?

Answer. The Department of the Navy supports the carrier force decisions reflected in the President's fiscal year 1990 Budget Amendment.

The ultimate effect of reducing our carriers will, of course, be felt by our people. They and their families will be asked to shoulder an increasingly heavy burden as a limited number of carrier battle groups respond to U.S. security requirements. It will be a management priority of the Department of the Navy to minimize the additional burden on naval personnel necessitated by the carrier decision.

NAVAL AVIATION

Question (11). Last year, the Senate Committee on Armed Services devoted substantial attention to the condition of naval aviation, concluding that there are persistent and serious problems. As you know, the Navy desires an average age of 7.5 years for combat aircraft, but the present average age exceeds 12 years. The Navy is between 160 and 190 combat aircraft short of requirements. Production rates are exceedingly inefficient, with half of the combat aircraft manufactured at a rate of one a month or less. The Navy is adding another operational carrier this year while the number of combat aircraft is being cut. Two years ago, the Navy accelerated by five years the procurement of two aircraft carriers while at the same reducing by one-third the combat aircraft procurement in the Five Year Defense Plan. Is the naval aviation program well structured in your opinion? Do we have a proper balance between carriers and combat aircraft in the procurement program?

Answer. I very much appreciate your concern for naval aviation and I share it. In responding to Congressional requests for information on the subject, the Secretary of Defense forwarded the Navy's detailed report on the current and projected requirements of the Navy for aircraft. The report details the Navy's efforts to address those requirements and establish a fiscally responsible program that is responsive to warfighting needs. Although recent fiscal agreements may require modifications to our proposal, the President's budget submission as amended forms the basis of that program.

The plan to modernize naval aviation contains a blend of remanufactured and new production aircraft. It promotes the development and use of technologies that amplify U.S. strengths. The modernization plan is highlighted by the use of economic production rates and multi-year procurement profiles.

The average age of our carrier capable aircraft is just shy of 11 years today. As increased numbers of new aircraft become part of naval aviation's inventory late in the 1990s, the average age will slowly begin to decrease. We will of course retain a number of older aircraft for the foreseeable future, but these are being modernized. Most of these programs will not lower aircraft average age or extend aircraft service life; however, they dramatically increase capability, as in our F-14D and EA-6B remanufacture programs. Average age is not a totally satisfactory measure of effectiveness.

I feel the Navy has programmed adequate aviation force structure to employ our forces at an acceptable level of risk. The approach is a balanced one that will ensure naval aviation's ability to maintain threat parity into the 21st Century.

ANTISUBMARINE WARFARE

Question (12). The Department of the Navy has consistently assigned high priority to Antisubmarine Warfare (ASW) capabilities. Recently, there have been increasing concerns about the pace and quality of Navy ASW programs, particularly in the context of Soviet advances. What concerns do you have about the Navy's ASW programs? What actions would you take to correct any deficiencies that you have noted?

Answer. The Department of the Navy identifies ASW as its highest warfighting priority. Clearly, Soviet advances in submarine quieting have helped to focus attention on this critical area of warfare, and the Navy has responded. Despite a declining topline since 1985, resources devoted to ASW have increased. In the 1990 budget, for example, resources devoted to ASW grow at significant rates. As a direct result of this emphasis, the ASW net assessment recently completed at the request of Congress continues to reflect a qualitative advantage to U.S. ASW forces in the year 2000.

My primary concern in this important area is to maintain the momentum now underway. This will mean continued support for the research and development avenues now being explored, continued construction of the immensely capable platforms developed to conduct antisubmarine warfare, and commitment to long term improvements even in the face of the fiscal constraints sure to be a fact of life in the coming years. At the same time, we must continue to achieve the correct balance among all warfighting areas from within fiscally constrained resources.

We have focused attention on the areas of basic research and exploratory development which will bear fruit in the years to come while at the same time making organizational changes to ensure we maintain this direction across all warfare areas. I am confident that the Navy is moving in the right direction to remain ahead in this critical element of naval warfare. The continued support of the Congress will be necessary to ensure this course is maintained.

The Department of the Navy has established a "Director of ASW Development" who will focus management of basic R&D initiatives to transition the next generation technologies into fleet systems. As the resource sponsor for exploratory development, he has the authority to influence—and direct, when necessary—appropriate ASW investments in both technical base and in the early stages of system development. This should give ASW resource management the proper balance and perspective as it crosses several of the naval disciplines.

AMPHIBIOUS SHIPPING FORCE LEVELS

Question (13). As you know, current amphibious shipping is capable of lifting only about one-third of the force of active-duty Marines. Do you believe that there is an imbalance in the combat potential of Marine forces and the amphibious shipping available to deploy it? If so, what force objective for amphibious shipping would you plan to set? If not, how can Marine forces be deployed in a timely manner during a crisis of war?

Answer. I do not believe that there is an imbalance in the combat potential of Marine Forces and amphibious shipping. Marine Forces have broad combat employment potential from amphibious assault, through various forms of land warfare for reasonable periods, to amphibious raids on a smaller scale. It is the collective opinion of the CNO and the Commandant that the DON amphibious shipping goal as specified in Defense Guidance is to lift the assault echelons of a Marine Expeditionary Force (MEF) plus a Marine Expeditionary Brigade (MEB) with associated Naval Support Elements. This goal is translated into a fingerprint which prescribes the capacity required to lift troops, vehicles, cargo, helicopters, and land craft required for the mission. We are well on the way to achieving this goal with a program that is balanced and appropriate, especially given today's fiscal climate.

SEALIFT

Question (14). For decades, we have understood the need for more and faster sealift. Inadequate sealift is a serious deficiency in U.S. military capabilities and seriously undermines our geostrategic posture. Why has the Department of the Navy failed to fully fund sealift requirements? What specific actions would you direct to correct this situation? Do you believe that the U.S. Transportation Command should be assigned budget responsibility for sealift?

Answer. The Navy has fully funded its portion of sealift requirements since 1980. At present, our sealift capability exceeds Defense Guidance goals for lifting petrolem products and containerized sustainment cargo, and is at 92 percent of the FY 1991 mid-term objective for surge lift of unit equipment. The Navy has spent $6.943 billion to improve our 91 ships; purchasing and converting eight SL-7 containerships into fast sealift ships; increasing the military utility of 25 commercial container ships through use of 1,000 government-owned seasheds, 360 containerized adapters, and 2,360 flatracks; afloat prepositioning essential equipments and supplies for all Services; and improving our ability to discharge sealifted cargo and fuels in austere ports or "over the shore." The government-owned or chartered share of our readily available dry cargo sealift force has increased threefold, from 12 to 40 percent of the total number of ships. In unit equipment lift, which is the only area where we do not exceed the Defense Guidance goal, government-owned lift now accounts for 68 percent of our total capability, and by 1994 will represent 84 percent of the total.

The situation that demands our immediate attention is how to ensure our future sealift capability in light of continuing decline in the U.S. Flag Merchant Marine upon which we depend for over 75 percent of our total sealift capability. The long term solution lies in ensuring the continued vitality of our commercial merchant marine and its associated maritime industrial base.

Airlift, sealift, and prepositioning are interrelated parts of the strategic mobility triad that supports our geostrategic posture. Removing those functions from the Services budget responsibility would detract from our respective abilities to ensure a mobility strategy that is in balance with the individual Services needs and the collective functions and missions under the national security strategy. Thus, I am skeptical of the wisdom of assigning sealift budget responsibility to TRANSCOM, unless countervailing benefits can be identified.

MINE COUNTERMEASURES CAPABILITIES

Question (15). Military operations in the Persian Gulf region exposed the Navy's long-term inattention to mine countermeasures capabilities. Do you believe that the decision to rely excessively on NATO allies for mine countermeasures capabilities was flawed given U.S. global security commitments and the increasing use of indirect forms of aggression—like mines—in Third World conflicts? Is sufficient attention now being given to U.S. mine countermeasures capabilities and, if not, what specific action would you plan to direct?

Answer. Both the United States and the Western Allies responded promptly and appropriately to the mine threat in the Persian Gulf. Early on, the Navy deployed Airborne Mine Countermeasures (AMCM) units and Explosive Ordnance Disposal (EOD) teams to the area, providing anti-mine coverage until ocean-going Minesweepers (MOSs) could be employed. Later, as Iran escalated the mining campaign, our Western European allies—Great Britain, France, Belgium, Italy, and the Netherlands—provided substantial Mine Countermeasures (MCM) assets to augment U.S. forces. Together, they cleared Gulf shipping lanes from Oman to Kuwait and the western and eastern approaches to the Strait of Hormuz, deterring Iranian mining efforts and exhibiting the ability to detect and neutralize existing minefields. Moreover, West Germany deployed assets to the Mediterranean to release U.S. units for operations in the Gulf. Where Western interests are threatened, I believe we can continue to count on the strong support of our friends and allies in maintaining the principles of free and unimpeded navigation worldwide.

Mine Countermeasures has received considerable U.S. Navy attention and force level requirements are being thoroughly reviewed. We are building 31 new mine countermeasures vessels (14 MCMs/17 MHCs) to replace our 21 older MSOs as well as 32 new MH-53E mine countermeasures helicopters to augment our older RH-53D helicopter force. With the associated new equipment, this force represents a considerable fiscal investment and will give the Navy a state-of-the-art mine countermeasures capability, and with allied support and cooperation a credible mine countermeasures ability equal to the task.

OFFICER PROMOTION PROCEDURES

Question (16). In the past several years, the Senate Committee on Armed Services has been concerned about irregularities in the officer promotion procedures in the Department of the Navy. Last year, the Congress enacted several changes to the law recommended by the Committee to strengthen the integrity, objectivity, and fairness of the officer promotion procedures in the Department of Defense. If confirmed as Secretary of the Navy, will you carry out the spirit as well as the letter of the law to ensure that the office promotion procedures in the Department of the Navy are carried out in a fair and objective manner?

Answer. Fairness and objectivity—both actual and perceived—are essential attributes of our officer promotion procedures, and must be if they are to continue to produce outstanding leaders worthy of our sailors and marines. If confirmed, I will carry out the spirit as well as the letter of the law to ensure that officer promotions within the Department of the Navy, are and appear to be, determined in a completely fair and objective manner.

[Questions submitted for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

MILITARY PROCUREMENT OF BEER AND WINE

Senator DIXON. I have several questions on the law governing military purchases of alcoholic beverages for resale and how the law is being carried out by the Navy. Congress has directed that beer and wine purchased for resale in military package stores, military clubs and other nonappropriated fund activities must be purchased within the state in which they are to be resold. Is the Navy cognizant of that law?

Secretary GARRETT. Yes. BUPERSINST 1710.13 (Operation of Navy Messes Ashore and Package Stores) issued June 30, 1988, directs that beer and wine purchased for resale must be purchased within the state in which they are to be sold.

Senator DIXON. Has the Navy taken steps to inform its contracting officers in all states of this requirement?

Secretary GARRETT. Yes, the package stores and clubs were immediately informed of this. All relevant directives were changed to comply with Congressional direction on this matter.

Senator DIXON. Are you aware of any instances in which the Navy has been purchasing beer directly from brewers located outside the state in which the Naval facility is located?

Secretary GARRETT. No. We are not aware of any such incident involving out-of-state procurement of beer and wine for resale within a nonappropriated fund activity. Congressional direction and Navy policy/regulations prohibit this.

Senator DIXON. Can you provide assurance that the Navy is not engaging in that practice?

Secretary GARRETT. The procurement of alcoholic beverages for resale is performed at the base level. At any given time it is impracticable for us to be aware of an individual alcoholic beverage procurement action. Consistent with congressional direction, Navy policy strictly prohibits this in all instances.

Senator DIXON. I have been told that in some states the Navy has sought to require uniform pricing of brands even if several different wholesalers are servicing accounts in that state. Clearly, such a request would force wholesalers to collude on pricing. Is this Navy policy?

Secretary GARRETT. No. It is not Navy policy to require or promote among wholesalers uniform pricing of beverage brands. The Navy's procurement policy is compatible with DOD policy and guidelines. It is: "The purchase of all alcoholic beverages for resale at any installation primarily occupied by members of the Navy shall be in such a manner, and under such conditions as shall obtain for the Government the most advantageous contract, price and other factors considered."

QUESTION SUBMITTED BY SENATOR JOHN W. WARNER

MH-53E

Senator WARNER. Mr. Garrett, as a result of the death of a constituent in a tragic crash of an MH-53E Sea Dragon helicopter off the coast of San Francisco last July, Senator Dole has become very interested in the safety and performance record of the MH-53E.

I understand from the Leader that your staff has been very cooperative working with his staff answering their questions about the mishap and explaining the implementation of recommendations cited in the JAG Report on the accident.

Recently, however, Senator Dole was disturbed to read of navigational, suitability and safety problems outlined in an Operational Test and Evaluation report submitted to Congress on April 6. He does not know whether these problems were in any way related to the July accident. In any event, the Leader would appreciate it if you would take a close look at the Krings Report and respond for the Record what the Navy is doing to correct these problems and make the MH-53E Sea Dragon operationally effective and suitable.

Senator Dole would appreciate your timely response to his request and wishes you the best of luck in this very challenging and demanding position.

Secretary GARRETT. The unfortunate July 1988 accident is not related to the issues identified in the January 19, 1989, Operational Test and Evaluation (OT&E) report. To date, the MH-53E has accumulated in excess of 9,000 flight hours with no other mishaps.

This latest OT&E report states in the conclusion that efforts to improve and correct the integrated weapons system deficiencies in the Airborne Mine Countermeasures mission for the MH-53E are ongoing, currently on track and funded within the proposed budget. Funding for follow-on programs has also been included in the current Five Year Defense Plan. Some of these efforts by their nature are long term but all corrections to the deficiencies will be thoroughly tested.

The Precise Navigation System (PNS) is currently the most accurate system for obtaining the highest level of confidence in clearance of a specific geographic minefield. The PNS equipment in the aircraft is a removable system and not part of the MH-53E development program. This system alone does not make the MH-53E capable of towing mine countermeasures equipment. Corrections have been made to improve PNS accuracy. The PNS system is currently undergoing testing which will be completed this fall. The MH-53E is programmed to receive the Global Positioning System (GPS), an integrated aircraft navigation system that has the capabilities far greater than the current PNS.

Suitability issues primarily relate to problems with the navigation system. These issues are expected to be resolved with the planned corrections to the navigation system. All safety issues have been addressed by the Navy and resolution will be achieved with the completion of ongoing programs.

QUESTIONS SUBMITTED BY SENATOR PETE WILSON

SHIPBUILDING AND REPAIR INDUSTRY

Senator WILSON. Shipyard employment on the west coast has declined by 65 percent since 1982 and the State of California now has only one shipyard still active in the vessel construction business. In addition, of the 27 major shipyards identified by the Navy and the Maritime Administration six years ago as essential to a nationwide shipbuilding base, only 10 remain active bidders today. Finally, on March 1, 1988, the Under Secretary of the Navy stated that "the invigoration of our commercial maritime industry is more than a Navy problem or a private sector problem. It is a national problem which must be addressed in the context of a national defense and economic strategy." Can you outline some of the steps that you would have taken as Secretary to assist in formulating a plan to maintain a geographically balanced industrial base within the shipbuilding sector?

Secretary GARRETT. The location of a ship's construction yard makes little difference in the use of that ship by the Navy. Many of the ships in the Atlantic Fleet were constructed in ship yards on the West Coast. Many ships in the Pacific Fleet were constructed in shipyards on the East and Gulf Coasts.

The "geographic balance" of the shipyard industrial base is of importance in ship repair. We believe that the steps we have been taking to overhaul and otherwise repair virtually all Navy ships on the coast from which they operate has maintained a geographically balanced ship repair industrial base.

PUBLIC SHIPYARDS

Senator WILSON. Mr. Secretary, I have always supported the Navy's policy of retaining public shipyards in the United States to broaden the range of competition for overhaul and repair contracts as well as to insure that DOD has an adequate maritime mobilization during a time of crisis. Yet this policy is threatened by the fact that many public shipyards, such as Long Beach in California, may lose their skilled core workloads, and as a result, their future ability to compete for repair contracts. I would therefore appreciate your furnishing the Committee with a report on the status of the public shipyards and those areas in which the yards can remain competitive bidders based on the Navy's near-term projection of its ship overhaul and maintenance requirements.

Secretary **Garrett**. The Navy's eight public shipyards provide a variety of vital industrial and depot-level repair and modernization capabilities. Six of the shipyards, Portsmouth, Norfolk, and Charleston on the East Coast; and Puget Sound, Mare Island, and Pearl Harbor on the West Coast, are engaged primarily in work on nuclear powered surface ships and submarines. The skills required to execute this complex work are carefully husbanded through a workload assignment process that keeps these public shipyards competitive and retains the required skills. Skill retention is further enhanced by the small number of private nuclear shipyards in this market and the geographic concentration of those competitors in the Northeast.

The two naval shipyards engaged in repair and modernization of conventionally powered Navy ships, Philadelphia and Long Beach, are in a more competitive market due to the nature of their work. Philadelphia, however, is the Aircraft Carrier Service Life Extension Program (CV SLEP) shipyard, which virtually ensures them a steady workload well into the late 1990's. As the only West Coast conventional naval shipyard, Long Beach does not enjoy the steady workload the CV SLEP program affords to Philadelphia, or the high priority and narrower market enjoyed by the nuclear capable naval shipyards.

You requested that we identify areas where the public shipyards can remain competitive bidders based on a near-term projection of the Navy's ship overhaul and repair requirements. We are not seeking a solution which identifies market segments which favor public competition. We are pursuing initiatives to make LBNS and the other public shipyards more efficient and therefore more competitive.

When the Congress directed the Navy to reassign the U.S.S. *Halsey* New Threat Upgrade (NTU) overhaul from LBNS to public/private competition, shipyard management took actions to not only meet this challenge in the near term but to also establish a truly competitive posture for the long haul. These actions were:

(1) Reducing the yard's overhead burden by 18 to 21 percent by abandoning the traditional matrix organization and shifting to a project management-style organization. The new structure was designed for the most efficient and lowest cost accomplishment of direct reimbursable work, without sacrificing the yard's tradition for quality.

(2) Downsizing the organization to a 1,400 production worker floor, retaining the ability to fluctuate rapidly between 1,400 and 2,100 production workers. The downsizing is to be a combination of non-replacement of attrition, early retirement, layoff of temporary employees and reduction-in-force.

(3) Using the more competitive man day rates obtained by accomplishment of the reorganization and downsizing to target, bid for, and win a complex, long-term (12 month) repair project, specifically an NTU overhaul that will fill in the hole created by the loss of the *Halsey*.

These initiatives have been successfully tested in the marketplace. On May 9, Long Beach Naval Shipyard was awarded the U.S.S. *Callaghan* (DDG 993) NTU overhaul. The successful bid on *Callaghan* does not change the requirement to downsize, or to reorganize. The next challenge for the shipyard is to validate the new, streamlined organization through actual production performance.

Without the free enterprise market force of competition, many of these initiatives were unlikely to evolve. The challenge of increased productivity lies at the very heart of the Navy's strategy for ship repair and overhauls. Our continuing objective is best value to the fleet in both the public and private sectors for the near-term and in the future.

Questions Submitted by Senator John McCain

MV-22

Senator **McCain**. Admiral Crowe testified on April 25th that the V-22 would only be useful in narrow missions like an amphibious assault against a hostile shore, and that there had only been one such case during the last 50 years—INCHON. This seems to ignore Granada, but it also raises real questions about the role of the CH-53 and CH/HH-60 as a substitute, or the LCAC? If they do need the V-22 isn't it true that the CH-53E and CH-60 lack the capability and survivability to act as a substitute for the MV-22?

Secretary GARRETT. The speed, range and maneuverability of the V-22 make it extremely useful in a wide variety of potential combat or precombat situations. It is by no means suited only for amphibious operations. However, its use in this most complex military operation will greatly simplify our planning and execution while further complicating the enemy's planning by creating additional uncertainty as to where and when we might strike. The Osprey's quantum increase in range and speed over our current helicopters lends itself to any scenario requiring mobility and flexibility.

Amphibious forces are called upon time after time in peacetime crises. They are featured early in all the unified command war plans because of their unique capabilities. Amphibious forces provide strategically mobile, forward-deployed forces independent of overseas bases, that can be used as a symbolic and non-destructive force representative of U.S. resolve, or to demonstrate our military power. Amphibious forces are highly mobile, flexible sea-air-ground teams tailored to fit precise crisis situations. Amphibious forces use the freedom of the seas—without constraints of overflight rights or forward-basing—to ensure continued freedom of the seas and support of national interests. Amphibious forces utility will increase as our overseas basing continues to diminish, and seabasing becomes the acceptable alternative. In conflict, the amphibious operation remains a compelling and unrivaled capability which we cannot discard. Amphibious operations are no longer narrow missions focused on heavily-defended shores. New techniques and tactics offer broad choices that feature maneuver and envelopments not possible in the 1940's when frontal assault against heavily defended beaches was the only practical solution. The often-predicted demise of amphibious operations was proven wrong in the Dominican Republic, Lebanon, Phnom Pehn, Saigon, *Mayaguez,* Grenada, and Persian Gulf crises, among others. Those who forecast such obsolescence recall only the bloody assaults of the Pacific war. Modern amphibious operations allow us to avoid attrition on the beach. We can now project forces from sea and land assembly areas more rapidly over longer distances. The ability to project power past the enemy's first line of defense and into objectives deep in his rear areas, or to his flanks, is an operational maneuver requirement needed to meet the crisis response, survivability, and warfighting challenges of the future.

The MV-22, CH-53E and LCAC combination would have represented the basic ship-to-shore capabilities for the amphibious operation and seabasing of the future. The aircraft play equally large roles in the Marine Air Ground Task Force when it is engaged in sustained combat ashore. We specifically looked to the speed, endurance, payload and survivability expected of the MV-22 to give us the tactical capabilities to handle the threat as we move into the 21st Century. The modern technology in the MV-22, incorporated in an aircraft specifically designed for combat assault, would have greatly reduced our expected attrition. The MV-22 also would have solved some of our long-standing national shortfalls in strategic lift, because its range permitted worldwide self-deployment. With the combination of the CH-60 and the CH-53E, we will not attain the full range of strategic, operational, and tactical performance anticipated for future operations as with the V-22. However, the current political and fiscal realities require the acceptance of this increased risk. The Marine Corps remains an essential general purpose Naval force and when called upon, is capable of operating across the broad spectrum of conflict.

CARRIER BATTLE GROUPS

Senator MCCAIN. Secretary Cheney is cutting the force goals of the U.S. Navy to 14 carrier battle groups. I gather that some members of this body are now considering proposals that would halt the nuclear refueling of the *Enterprise,* and rely on the *Midway* until it is retired. They may not describe this as cutting back to 13 carrier battle groups, but I would like your opinion of this option and of the risks of any further cut in our carrier strength.

Secretary GARRETT. The risks associated with further reducing our carrier force level below 14 include reduced ability to promptly respond to contingency operations, a diminished ability to conduct general warfare, and further degradation of our ability to meet national commitments while maintaining our OPTEMPO/PERSTEMPO goals.

In these times of reduced force levels, it is vital to maintain the most capable aircraft carriers. A proposal to prematurely retire *Enterprise,* while retaining *Midway* in service, would leave us with an aircraft carrier of less warfighting capability and a shorter service life.

Upon completion of her refueling overhaul *Enterprise* will carry a more capable, larger airwing than *Midway* which, though a very capable carrier, supports a smaller airwing which does not operate F-14 high performance fighters or S-3 anti-submarine warfare aircraft. *Midway* has two catapults compared to the four on *Enterprise*. which provide increased flexibility and vital redundancy in the event of damage or failure. *Enterprise* carries twice the aircraft fuel and weapons load of *Midway* for greater sustained combat operations. *Enterprise's* nuclear power gives it virtually unlimited range and endurance at any operating speed, and its size and seakeeping allow flight operations to be sustained over a greater range of operating conditions.

The very capable *Midway* is not a substitute for the more capable *Enterprise*. Of important note, is the fact that the expected life span of *Enterprise* provides the United States a more capable force multiplier for the future.

REVISED BUDGET SUBMISSION

Senator McCAIN. Could you describe your view of the overall impact of the revised budget submission on our military strategy? To what extent does it reflect shifts that will give land and air defense of Europe more priority over a maritime strategy? How will it change our maritime strategy over time? How will it affect our power projection and LIC capabilities?

Secretary GARRETT. The basic tenets of our national military strategy—deterrence, forward defense and alliance solidarity—are sound and enduring. We have the ability to support the strategy with a prudent level of risk. For the Navy this means that some operations will be conducted sequentially and that joint and combined operations will increase in importance.

I do not see a clear cut demarcation between our commitment to the land and air defense of Europe and maritime component of the National Military Strategy. The land, air and naval campaigns are synergistic, complementary and supportive. The maritime component of the strategy is designed to support a land campaign in Europe by ensuring the security of the sea lines of communication (SLOCs) supporting our allies, denying the Soviets their preferred strategy of fighting a one-front war, and pressuring them to defend their entire periphery. Likewise, land-based forces are essential to the success of the at-sea war. Among others, they complement fleet area air defense, offensive mining, ocean surveillance, and provide forward staging areas from which to operate the fleet.

I do not foresee any radical changes being made to our strategy. Representing the consensus of senior Navy and Marine Corps leadership, it provides the framework from which we develop the doctrine and force structure required to underwrite U.S. security interests in a complex global arena. Continually evolving, it focuses on forward positioned maritime power projection forces centered around our carrier battle groups, Marine expeditionary forces, and cruise missile equipped surface combatants and submarines. We can carry out the strategy given the resources allocated to us in the President's budget with a reasonable and stable level of funding in the future.

In the near term, our power projection and LIC capabilities remain robust. However, any significant reduction in our force structure will call into question the ability to effectively project power and maintain a useful LIC capability. This would consequently require us to adopt a less effective strategy for meeting our national responsibilities.

DETAILED BUDGET REDUCTIONS

Senator McCAIN. What are the detailed reductions the new budget submission will cause in U.S. Navy and Marine Corps, Army, and Air Force force levels, manpower, major equipment strengths, and key munitions and missiles if all currently planned changes in the FYDP are taken into consideration? Could you provide a detailed comparison of the levels projected for fiscal year 1990 and fiscal year 1991 in the FYDP prepared for the Reagan budget submission and your amended FYDP?

Secretary GARRETT. Because I represent only the Department of the Navy, it would not be appropriate to provide you with information on the Army and Air Force. However, I am certain that our fellow military departments would be happy to provide you with this information. Below is the information on the Department of the Navy which you requested.

The revised budget provides for a total deployable Battle Force of 563 ships by the end of fiscal year 1990 and 562 ships by the end of fiscal year 1991. These force levels represent a reduction of eleven ships in fiscal year 1990 and nine ships in fiscal year 1991 from those originally projected in January 1989 fiscal year 1990/fiscal year 1991 President's Biennial Budget submission. These reductions in the Navy's force levels will be achieved through the accelerated retirements of one aircraft carrier (CV-43), 9 additional guided missile destroyers and one converted auxiliary repair vessel (ARL-24) in fiscal year 1990, and the accelerated retirements of 5 more guided missile destroyers in fiscal year 1991. In addition to reducing the size of its fleet, the Navy will transfer a total of 10 additional ASW frigates from the active fleet to the Navy Reserve by end of the biennial period. Four of these frigates will be transferred to the Navy Reserve in fiscal year 1990 and 6 more in fiscal year 1991.

Strategic Sealift forces will continue to remain constant in fiscal year 1990 and fiscal year 1991. However, beginning in fiscal year 1990, the Navy will transfer funding responsibility for a total of eleven Prepositioning Ships to their users (Army, Air Force, and Defense Logistics Agency). The present transfer schedule reflects the transfer of two more ships in addition to the nine Prepositioning Ships for which funding responsibility was previously scheduled to be transferred in the January 1989 fiscal year 1990/fiscal year 1991 President's Biennial Budget submission.

In fiscal year 1990 and fiscal year 1991, the average number of operating aircraft decline from the level reflected in the initial budget as the P-3B aircraft from the active and reserve community. In addition, 9 P-3C aircraft will be transferred to the reserves.

Department of the Navy manpower in support of force levels includes Navy and Marine Corps active and reserve military personnel and civilian personnel totaling 1,326,358 end strength in fiscal year 1990 and 1,326,518 in fiscal year 1991. The revised budget provides for a reduction of 5,600 active duty Navy end strength in fiscal year 1990 and 6,200 end strength in fiscal year 1991 to reflect force structure changes. Total active duty Navy end strength remains level from fiscal year 1990 to fiscal year 1991 at 592,000, USMC end strength remains level at 197,200.

Since submission of the President's fiscal year 1990/1991 Biennial Budget, Navy Reserve end strength has increased by 200 in fiscal year 1990 and 1,200 in fiscal year 1991 primarily to accommodate 10 additional ships being introduced into the NRF between fiscal year 1989 and 1991 and recruiter medical program personnel.

The table below summarizes changes in significant forces, manpower, major equipment, and missiles. There were no fiscal year 1990/1991 adjustments in key munitions.

The changes to the Department of the Navy budget levels have affected almost every account. By virtue of the scope of the total reduction, programs in every facet of the DON program were subject to change. Fiscal year 1990 totals $98.2 billion in the amended request, compared to $102.0 billion in the original estimate, a reduction of $3.7 billion (3.7 percent). The fiscal year 1991 request has been amended from $105.2 billion to $103.3 billion, a reduction of $1.9 billion (1.8 percent). When the effects of inflation are removed, the amended fiscal year 1990 budget levels reflect a real decrease of over 2½ percent below fiscal year 1989 program levels. The amended fiscal year 1991 budget levels provide for an increase of 2½ percent over fiscal year 1990. However, even with this increase, fiscal year 1991 remains below the fiscal year 1989 appropriated level.

The following table summarizes the changes in budget levels by appropriation.

DEPARTMENT OF THE NAVY
CHANGES TO FY 1990/1991 BIENNIAL BUDGET
APPROPRIATION SUMMARY
(IN MILLIONS OF DOLLARS)

	FY 1990 President's Budget			FY 1991 President's Budget		
	FY 1990	**Change**	**Amended**	**FY 1991**	**Change**	**Amended**
MPN	19,439.8	-102.4	19,337.4	20,019.9	-180.1	19,839.8
MPMC	5,818.9	-12.8	5,806.1	5,984.1	-12.7	5,971.4
RPN	1,583.1	5.5	1,588.6	1,649.9	23.0	1,672.9
RPMC	319.2	-	319.2	337.7	-	337.7
O&M,N	26,490.3	-298.5	26,191.8	27,626.0	-338.2	27,287.8
O&M,MC	1,745.1	-28.8	1,716.3	1,802.5	-27.0	1,775.5
O&M,NR	984.4	-4.4	980.0	1,014.1	2.9	1,017.0
O&M,MCR	77.4	-	77.4	79.4	-	79.4
APN	10,784.3	-1,958.2	8,826.1	11,368.6	-1,850.7	9,517.9
WPN	5,725.0	-	5,725.0	6,332.9	-332.5	6,000.4
SCN	10,419.6	-869.0	9,550.6	9,765.4	1,256.1	11,021.5
OPN	4,986.9	-71.9	4,915.0	5,723.9	-26.7	5,697.2
PMC	1,207.6	-10.8	1,196.8	1,415.3	-17.3	1,398.0
RDT&E,N	10,184.4	-354.1	9,830.3	9,635.8	-299.4	9,336.4
MCON	1,142.1	-8.9	1,133.2	1,310.3	-99.3	1,211.0
MCNR	50.9	-	50.9	53.3	-	53.3
FH	758.3	-6.1	752.2	877.1	-6.0	871.1
DONSF	249.4	-26.0	223.4	232.1	-	232.1
TOTAL, DON	101,966.7	-3,746.4	98,220.3	105,228.3	-1,907.9	103,320.4

CHANGES IN SIGNIFICANT FORCES, MANPOWER, MAJOR EQUIPMENT, AND MISSILES

	FY 1990	FY 1990 Amended	FY 1991	FY 1991 Amended
TOTAL DEPLOYABLE BATTLE FORCE SHIPS	~~(574)~~	(563)	~~(571)~~	(562)
STRATEGIC FORCES	41	41	41	41
BATTLE FORCES	~~435~~	421	~~425~~	407
SUPPORT FORCES	~~68~~	67	~~70~~	69
MOBILIZATION FORCES	~~30~~	34	~~35~~	45
STRATEGIC SEALIFT	~~(28)~~	(26)	~~(28)~~	(26)
PREPOSITIONING SHIPS 1/	~~3~~	1	~~3~~	1
MARITIME PREPOSITIONING SHIPS	13	13	13	13
READY RESERVE FORCE SHIPS 2/	-	-	-	-
TAVB	2	2	2	2
FSS/TAKR	8	8	8	8
TAH	2	2	2	2
AVGERAGE OPERERATING AIRCRAFT 3/	~~5,104~~	5,067	~~5,106~~	5,027
NAVY	~~3,710~~	3,673	~~3,722~~	3,649
MARINE CORPS	1,394	1,394	1,378	1,378
MARINE CORPS DIVISIONS (ACTIVE/RES)	3/1	3/1	3/1	3/1
ACTIVE MILITARY PERSONNEL (END YEAR)	~~794,800~~	789,200	~~795,400~~	789,200
NAVY	~~597,600~~	592,000	~~598,200~~	592,000
MARINE CORPS	197,200	197,200	197,200	197,200
RESERVE PERSONNEL (END YEAR)	~~197,200~~	197,400	~~197,900~~	199,100
NAVY	~~153,200~~	153,400	~~153,800~~	155,000
MARINE CORPS	44,000	44,000	44,100	44,100
CIVILIAN PERSONNEL (END YEAR)	~~339,578~~	339,758	~~338,024~~	338,218
NAVY	~~317,919~~	318,099	~~316,400~~	316,594
MARINE CORPS	21,659	21,659	21,624	21,624
MAJOR EQUIPMENT				
F-14 A/D	~~18/1,136.3~~	6/771.3	~~24/1,272.4~~	12/803.4
F/A-18	~~72/2,576.6~~	66/2,420.6	~~72/2,078.8~~	66/2,004.8
CH/MH-53E	~~3/62.0~~	23/411.0	~~0/0~~	23/424.0
V-22	~~12/1,266.6~~	0/0	~~24/1,539.7~~	0/0
SH-60F	~~18/284.2~~	0/79.1	18/266.7	18/266.7
T-45TS	~~24/417.1~~	0/153.1	~~48/603.6~~	24/431.6
SSN-688	~~2/1,520.3~~	1/806.3	0/0	0/0
MHC	~~3/230.3~~	1/120.3	3/~~214.9~~	3/255.9
Phoenix missile	420/376.5	420/376.5	~~420/326.7~~	0/0

1/ Funding for eleven Prepositioning Ships transfers to the user Service (Army, Air Force, and Defense Logistics Agency) in FY 1990.

2/ The Ready Reserve Force transfers to the Maritime Administration (MARAD) in the Department of Transportation in FY 1989.

3/ Includes Reserve Forces.

REDUCTIONS

Senator McCain. It has become increasingly clear that we need to rethink our posture in regard to power projection and low level conflict. The past orientation behind USCENTCOM, that focused on the defense of Iran against a Soviet invasion, is now obsolete. At the same time, we are beginning to make payments for bases in areas like Spain and the Philippines that are little more than blackmail. Can you describe your views on how the current budget submission affects this situation and on how we should restructure our power projection capabilities and of the relative role of land forces, air forces and sea power?

Secretary Garrett. The President's Amended Budget Submission (ABS) reflects the sharp reality of necessary fiscal reductions. In making these difficult reductions we have prudently ensured that we preserve our ability to execute the requirements of the national military strategy throughout the range of possible conflicts: deterrence of war, forward defense and coalition warfare. One of the principal missions of USCINCCENT is to ensure unimpeded access of petroleum supplies from the Persian Gulf region. This national imperative will remain valid for the foreseeable future. Similarly, the maintenance of a robust basing network in the Philippines and Spain markedly contributes to the successful execution of our national strategy. While compensation afforded the Philippines and Spain is considerable, I would not characterize it as "blackmail". Basing alternatives which will equally support our forward operations are not readily available. In addition, the stabilizing influence of our presence is providing long term benefits which should not be precipitately discounted. Today's fiscal reductions, of necessity, entail difficult trade-offs. In examining the balance between land, air, and sea-based power projection forces we have carefully preserved our nation's ability to respond to both Soviet capabilities and the more likely forms of conflict in the Third World. The future security environment strongly indicates that the need for flexible, logistically autonomous, and mobile power projection forces will increase. I firmly believe naval forces will be increasingly called upon to fulfill our overseas security requirements.

RECRUITING

Senator McCain. What is the current status of Navy and Marine Corps recruiting? With the declining number of available young Americans in the recruiting pool through the middle of the 1990's, what is the FYDP 1990-1994 recruiting strategy for maintaining the quality and quantity requirements of the Navy and Marine Corps? Please provide me with the number of on-board production recruiters (end strength) for the Navy and the Marine Corps for the period fiscal year 1985-fiscal year 1988 actual and fiscal year 1989-fiscal year 1991 projected.

Secretary Garrett. The Navy is consistently achieving its quantity and quality goals, having met these goals every month in fiscal year 1988 and each month so far in fiscal year 1989. However, we are making these goals at the expense of drawing down the size of our previously healthy Delayed Entry Program (DEP) manpower pool. In addition to the shrinking youth population you mentioned, Navy recruiting faces a low unemployment rate and—more important—a greatly reduced propensity to enlist in the Navy. This lower propensity to enlist—resulting from a lack of national advertising—is revealed in both Department of Defense and Navy advertising surveys.

These and many other factors are forcing us more than ever into what is referred to as "work force recruiting." In general terms this form of recruiting means more of our monthly recruits must ship the same month they enlist—rather than entering the DEP for some later month.

While we are continuing to make monthly accession goals, Navy recruiting has missed its new contract objectives (from which we draw in-month accessions and DEP personnel) 12 of the past 15 months. The result is we are steadily shrinking our DEP size—a factor that will eventually cause us to miss monthly goals if not checked. A concern in this area is not only the size of our DEP, but the quality of life for our recruiters as they work harder to make assigned goals.

Our particular program concerns are finding sufficient numbers of the more capable upper mental group category for our technical skills. On the officer side we face strong challenges in minority recruiting in addition to attracting sufficient numbers of qualified applicants to our nuclear power and medical programs.

So what is our strategy?

The Navy is taking a three-pronged approached to recruiting into the 1990's.

We have established a combined CNO-level recruiting and retention policy organization for providing strategic oversight and long-range planning.

We intend to tackle the Navy's public image problem through a long-range advertising and public relations strategy that will not only maintain, but improve the 17-21 year old's propensity to enlist.

And finally, we intend to improve our first-term attrition and retention as a direct means of lowering the actual numbers of people we must recruit.

The Navy is presently completing a series of major studies on recruiting and attrition. The initial results say our strategy is right.

The following numbers reflect our production recruiters:

	1985	1986	1987	1988
Fiscal years 1985 to 1988	3,003	3,760	3,803	3,784

Projected FY89-FY91: For all years: 4,159.

The Marine Corps, through the efforts of a dedicated recruiting force, has attained great success in recruiting the high quality men and women we need to man our force (Table 1). This success, however, will be increasingly more difficult to maintain in the future. Increased competition for this shrinking pool of available youth will require a commitment to recruiting as well as adequate resources to ensure our objectives can be met.

TABLE 1

Fiscal year	Total force [2] accession goal	Total force attained	Percent high school grad	Percent I-IIIA
1986	43,365	45,179	97.7	68.4
1987	42,466	43,142	98.2	68.7
1988	43,878	44,235	85.7	69.4
1989 (YTD) [1]	18,123	18,076	96.3	67.9

[1] FY89 figures through 31 March (total FY89 requirement 40,160 as contained in the amended President's Budget)

[2] Total Force figures include all regular accessions male and female as well as non-prior service reserve accessions male and female

As competition increases we must use our available assets in the most efficient manner possible. This begins with the hard work of a dedicated recruiting force that is committed to maintaining and meeting the quality and quantity requirements of the Marine Corps. To do this we will continue to man our recruiting force with the best Marines available, adhering to the philosophy that quality will beget quality. In addition, we will also continue to train our recruiters to use a recruiting system which has proven itself effective over the years.

The following numbers reflect our production recruiters:

	1985	1986	1987	1988	[1] 1989	[1] 1990	[1] 1991
End strength of production recruiters [2]	2642	2604	2561	2421	2445	2445	2445

[1] Figures are projected for FY89-FY91

[2] On-board figures for 30 September of respective year

PHOENIX MISSILE

Senator McCain. The fiscal year 1990 budget revision terminates the Phoenix missile program after the fiscal year 1990 buy. This is very interesting since the Navy originally identified a requirement of [deleted] AIM-54's in the justification arguments to establish a second source for the Phoenix. This leads to three questions: 1. What other missile systems are available in the Navy's inventory to satisfy long range air-to-air detection and attack requirements? 2. Why has the [deleted] Phoenix inventory requirement been reduced by almost [deleted] missiles? 3. What are the Navy's plans to satisfy previously identified shortfalls in long range missile requirements?

Secretary Garrett. The Phoenix is the Navy's only long range air-to-air missile until the AAAM is available at the turn of the century.

Senator **McCain**. Why has the [deleted] Phoenix inventory requirement been reduced by almost [deleted] missiles?

Secretary **Garrett**. The Navy's Phoenix "C" inventory objective is based on the number of targets expected to be assigned/encountered by naval forces in the event of conflict. The DOD budget provides approximately [deleted] of inventory objective established by OSD.

Senator **McCain**. What are the Navy's plans to satisfy previously identified shortfalls in long range missile requirements?

Secretary **Garrett**. [Deleted.] Additionally, there are approximately 1300 older Phoenix "A" missiles in inventory that are being phased out due to compromise and technical obsolescence. Based on other missile inventories at program termination, the probability of conflict requiring the use of AIM-54 and follow-on replacement development, we feel our inventory supports an acceptable risk.

Senator **McCain**. It is my understanding the Phoenix is demonstrating exceptional reliability in the fleet and delivery schedules are being met. The Navy reports GFE problems are being resolved, and AIM-54C's are deploying with the fleet. An approved upgrade program addresses specific concerns associated with advanced ECCM threats, end-game performance, and no escape launch zones. What are the definitive reasons for terminating Phoenix production more than 10 years before we can expect to see the IOC for a replacement missile—the AAAM (Advanced Air-to-Air Missile)?

Secretary **Garrett**. The risk of a conflict requiring expenditure of large quantities of long range air-to-air missiles in the near-term is judged to be low enough to permit a reduction in the acquisition of these missiles to achieve necessary reductions in defense costs.

EFFICIENT PROCUREMENT OF ESTABLISHED WEAPONS PROGRAMS

Senator **McCain**. Defense Secretary Cheney testified before the HASC on April 25, 1989 that "efficient procurement" is among his top priorities and that DOD "opted to stay with established weapons programs where production lines are operating efficiently rather than pursue the development of unproven technology." How is the decision on Phoenix justified in that the Navy has qualified a second source for an established weapon program (AIM-54C), and completed development of a Phoenix improvement program?

Secretary **Garrett**. The second source initiative has accomplished its objective by reducing the procurement cost of the Phoenix missile. In our judgment we will have procured a sufficient quantity of this weapon to meet foreseeable requirements after the fiscal year 1990 buy. We are evaluating the requirement to improve the missiles in inventory to ensure that they remain responsive to the threat throughout their expected service life. The threats and weapons systems of the twenty-first century require new technology to be proven during the next decade. We see the AAAM as meeting these future requirements and providing a viable follow-on to the AIM-54.

URGENT REQUIREMENTS

Senator **McCain**. What assurances do the Committees have that the sudden reduction in long range air-to-air missile requirements will not be followed immediately by an urgent requirement to resume Phoenix production?

Secretary **Garrett**. The decision to reduce long range missile procurement is based on current judgment of the worldwide political situation. The DOD budget provides approximately [deleted] of inventory objective established by OSD. Additionally, there are approximately 1300 older Phoenix "A" missiles in inventory that are being phased out due to compromise and technical obsolescence. Based on other missile inventories at program termination, the probability of conflict requiring the use of AIM-54 and follow-on replacement development, we feel our inventory supports an acceptable risk.

RESTARTING PRODUCTION

Senator **McCain**. What is the impact (cost and schedule) of restarting AIM-54C production in the event of a national emergency?

Secretary **Garrett**. Restarting a dormant production line for Phoenix missiles would take approximately two years. The actual cost in restarting production of the AIM-54C missile requires industry data that is not available at this time.

CINC'S POSITION

Senator **McCain**. Finally, are the operational commands (CINC's) in agreement with the OSD decision to terminate Phoenix procurement?

Secretary **Garrett**. CINC requirements were considered in the budgetary considerations. DOD budget provides approximately [deleted] of inventory objective established by OSD. Additionally, there are approximately 1,300 older Phoenix "A" missiles in inventory that are being phased out due to compromise and technical obsolescence. Based on other missile inventories at program termination, the probability of conflict requiring the use of AIM-54 and follow-on replacement development, we feel our inventory supports an acceptable risk.

AMPHIBIOUS LIFT REQUIREMENTS

Senator **McCain**. Mr. Secretary, the OSD proposed alternative to the V-22 is a mix of CH-60 and CH-53 helicopters. Since this plan calls for significantly more helicopters than V-22 aircraft, what will be the cost of the additional amphibious lift required to support this increased number of helicopters, and do you know if these costs were included in the OSD proposal?

Secretary **Garrett**. The additional CH-60 and CH-53 helicopters to replace the MV-22 will require additional deck space if the same amount of equipment and numbers of Marines are lifted by air. Our current operational plans are based on our current fleet of aircraft. Our future plans are based on the MV-22.

The alternative mix of CH-53 and CH-60 aircraft must be factored into all our operational plans, perhaps changing, among other things, the percentages and nature of the forces that will land by air and by surface means.

Because these new plans are not yet developed, I don't believe any ship costs were included in the CH-60/CH-53 cost estimates.

V-22 PILOTS

Senator **McCain**. Mr. Secretary: The OSD proposed alternative to V-22 will also require a much greater number of pilots than would a V-22 fleet. How much more will it cost to recruit and train these extra pilots, and how in the world will the Department of the Navy be able to retain them in light of current and projected pilot retention crisis?

Secretary **Garrett**. There will be nominal additional recruiting costs to support the alternative to the MV-22 given the number of additional aircraft that are necessary to support USMC plans for their tactical employment and the current lift capabilities of the helicopters.

We anticipate there will be additional pilot training costs of at least $0.55 billion over the twenty year life of the program. The exact amount will depend on the variables of recruiting success, pilot retention, and ultimate force structure decisions. There may also be additional manpower costs (salary, flight pay, moving expenses, etc.) that the Marine Corps will incur for these additional pilots, and the additional enlisted personnel, and the additional instructor pilots.

Retention of Marine Corps helicopter pilots continue to be satisfactory; in fact, the average Cumulative Continuation Rate (CCR) for the past ten years was 48 percent, and the CCR for fiscal year 1988 was 56 percent. The required CCR for the fiscal year 1990-fiscal year 1994 time frame is 43 percent.

[The nomination reference of H. Lawrence Garrett III follows:]

Nomination Reference

As in Executive Session,
Senate of the United States,
April 19, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

H. Lawrence Garrett III, of Virginia, to be Secretary of the Navy, vice William Lockhart Ball III, resigned.

[The biographical sketch of H. Lawrence Garrett III, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF HENRY LAWRENCE GARRETT III

H. Lawrence Garrett has served as Under Secretary of the Navy since August 6, 1987.

Mr. Garrett was born June 24, 1939 in Washington, D.C. and was raised in Miami, Florida. He enlisted in the United States Navy in October 1961 and subsequently became qualified in submarines as a machinist mate. He received a commission in April 1964 upon completion of flight training, serving as a Naval Flight Officer aboard maritime patrol aircraft. He served operational tours in VP-50 aircraft squadron with deployments to Viet-Nam.

In 1972 he transferred to the Judge Advocate General's Corps, where he rose to the rank of Commander. He served from 1974 to 1978 as Force Judge Advocate/Legal Advisor to the Commander, Submarine Force, U.S. Pacific Fleet, Pearl Harbor, Hawaii. In January 1979, he was detailed to assist in developing the Federal regulations to implement the Ethics in Government Act of 1978. In February 1981, he was detailed to the White House as Assistant Counsel in the Office of Counsel to the President. He retired from the Navy in 1981.

Subsequently, Mr. Garrett was Executive Assistant to the President and Chief Operating Officer of the U.S. Synthetic Fuels Corporation. He later served as Regional Director of the Seattle Regional Office of the U.S. Merit Systems Protection Board. In 1983, he returned to the White House as Associate Counsel to the President where he served until February 1986. He was appointed General Counsel of the Department of Defense in February 1986 and served in that position until August 1987, when he became Under Secretary of the Navy.

Mr. Garrett received a B.S. degree in Business Management from the University of West Florida and received his law degree (cum laude) from the University of San Diego School of Law.

Mr. Garrett now lives with his wife, Marilyn, and two children in Oakton, VA.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by H. Lawrence Garrett III in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Henry Lawrence Garrett, III. "Larry".

2. **Position to which nominated:**

Secretary of the Navy.

3. **Date of nomination:**
April 19, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
DOB: June 24, 1939.
POB: Washington, DC.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Married: Marilyn Kay (Bender) Garrett.

7. **Names and ages of children:**
Juliana Kay (Garrett) Relihan, 22.
Henry Lawrence Garrett, IV, 18.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

School, degree, and dates attended

University of San Diego Law School, J.D. (5/72), August 1969 to May 1972.

University of West Florida, B.S. Business Management (August 1969), January 1968 to August 1969.

University of Miami (FL), no degree, September 1957 to October 1961 (part-time).

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

August 1987 to present—Under Secretary of the Navy; Dept of Navy, Washington, DC.

February 1986 to August 1987—General Counsel, DOD; Dept of Defense, Washington, DC.

July 1983 to February 1986—Assoc. Counsel to the President, The White House Washington, DC.

July 1982 to July 1983—Regional Dir. MSPB; Merit Systems Protection Bd; Seattle, WA.

November 1981 to June 1982—Exec. Asst to President; U.S. Synthetic Fuels Corp. Washington, DC.

February 1981 to November 1981—Asst. Counsel; Office of Counsel to the President, The White House, Washington, DC.

January 1979 to February 1981—Government Attorney, Office of Govt. Ethics, Washington, DC.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Member, President's Commission on Compensation of Career Federal Executives, 1988.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member: American Bar Association.
Member: Phi Alpha Delta.
Member: U.S. Naval Institute—1982.
Member: American Legion.
Member: Army-Navy Club (Washington, D.C.) 1980.
Member: California Bar Association.
Member: District of Columbia Bar.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Bobbi Kilberg for VA HOUSE—$100.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Military medals: Meritorious Service Medal; Air Medal (2); Vietnam Meritorious Unit Citation (Civil Actions Medal); Navy Unit Commendation; Armed Forces Expeditionary Medal; National Defense Service Medal; Vietnam Service Medal (3 Bronze Stars); Vietnam Campaign Medal; Department of Defense Distinguished Public Service Award.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Garrett, H. Lawrence III, "Reflections on Contemporary Sources of Military Law," *The Army Lawyer*, February 1987, pp. 38–43. (Remarks delivered at The Judge Advocate General's School. Prepared substantially by Andrew S. Effron, Esq.)

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Information supplied and retained in committee's files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I was recommended for this appointment by the Secretary of Defense.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Extensive service in the United States Navy; The White House; as General Counsel, Department of Defense, and as Under Secretary of the Navy.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

I do.

COMMITTEE ON ARMED SERVICES FORM

Financial and Other Information Requested of Nominees

Instructions to the Nominee: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: H. Lawrence Garrett III.

Part B—Future Employment Relationships

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transaction with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? Is so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

H. LAWRENCE GARRETT III.

This 13th day of April, 1989.

[The nomination of H. Lawrence Garrett III was reported to the Senate by Senator John Warner on May 11, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 12, 1989.]

NOMINATION OF GEN. ROBERT T. HERRES, U.S. AIR FORCE, FOR REAPPOINTMENT AS VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

TUESDAY, MAY 16, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 11:02 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Wirth, Shelby, Warner, Wilson, and Lott.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Richard D. DeBobes, counsel.

Professional staff members present: Robert G. Bell, John J. Hamre, William E. Hoehn, Jr., James R. Locher III, and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Robert F. Bott, Brian D. Dailey, George K. Johnson, Jr., and George W. Lauffer, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Milton D. Beach, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; James M. Bodner, assistant to Senator Cohen; Dudley Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Charles Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The committee meets this morning to consider the nomination of Gen. Robert T. Herres, U.S. Air Force, to serve his second term as Vice Chairman of the Joint Chiefs of Staff.

The committee extends a warm welcome to you this morning, General. You have been with us a number of times in your tenure in this job and other jobs, and we are delighted and pleased that you are here, and that you have been renominated.

General Herres has been renominated for an extremely important position. The position of Vice Chairman of the Joint Chiefs of Staff was created by the Goldwater-Nichols Department of Defense

Reorganization Act of 1986, and is the second most senior position in the U.S. military.

Admiral Crowe, the Chairman of the Joint Chiefs, has testified before the Congress to the importance and utility of the position of Vice Chairman. Quoting him, "That is the nicest thing the U.S. Congress ever did for me."

I say that is a rather high compliment to your tenure, General. The law specifies that the Vice Chairman must be a joint specialist and must have served in at least one joint duty assignment as a general or flag officer.

General Herres is the first officer in the Armed Forces to be awarded the joint specialty, as he served in joint duty assignments as the director for command control and communications systems, in the office of the Joint Chiefs of Staff, and as the first Commander in Chief of the U.S. Space Command.

The Vice Chairman's functions are acting as Chairman during the Chairman's absence, a function which was one of the primary reasons for creating the position. He is also a statutory member of the Nuclear Weapons Council.

The law does not specify the other duties of the Vice Chairman, since it was considered preferable to provide flexibility to the Secretary of Defense and to the Chairman of the Joint Chiefs to decide how to best utilize the position to assist the Chairman in the performance of his duties.

Among the duties which have been delineated for the Vice Chairman that the Secretary of Defense has approved include acting for the Chairman in all aspects of the planning, programming and budgeting system; overseeing or supervising, as appropriate, the defense agencies; ensuring the readiness and responsiveness of the combat support agencies; overseeing the deliberate planning of CINC operational plans; overseeing joint officer-personnel policy; serving as Vice Chairman of the Defense Acquisition Board; Chairman of the Joint Requirements Oversight Council and assisting the Chairman in the tasks associated with reviewing war plans, and more closely coupling national security and resources.

Of course, all of these have been approved by the Secretary of Defense. They are not locked into law. They can be changed, and they were approved by the Secretary upon the recommendation of the Chairman of the Joint Chiefs.

That is a very impressive list of duties, and it is only a partial list of the duties assigned to the Vice Chairman.

It is clear from General Herres' duties that the Vice Chairman's position is one of real substance and importance. It also demonstrates that someone has been paying attention to both the letter and the spirit of the Goldwater-Nichols Act in putting together that list of duties.

General Herres has had a full and challenging agenda as the first Vice Chairman. We will be asking about his experience in that job, and about his experience under this new concept and new law, and particular whether he believes changes are in order.

Senator Warner, I understand, is on his way.

Senator Exon.

Senator EXON. I have no opening comment.

I am looking forward to the testimony from the General. I have some questions, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon.

Mr. Shelby.

Senator SHELBY. I have no statement, but I do indeed look forward to his testimony, and look forward to supporting him, too.

Chairman NUNN. I might announce, we will also have a hearing this morning on the nomination of Dr. Donald B. Rice to be Secretary of the Air Force.

I know that there will be some Senators here—I believe Senator Cranston and Senator Wilson—to introduce him. My guess is that that would be in approximately 30 minutes.

I would ask the staff, as we move through this hearing, to let them know as to when they would be expected, so that they will not have to come and wait.

General Herres, we are delighted to have you, and if you have any opening statement or comments, we would be pleased to have that.

STATEMENT OF ROBERT T. HERRES, GENERAL, U.S. AIR FORCE, VICE CHAIRMAN, JOINT CHIEFS OF STAFF

General HERRES. Thank you, Mr. Chairman.

I am very honored to be here. I am very honored by the confidence that the Secretary and the President have indicated by renominating me for this position, which, as you know, I regard with a great deal of respect for its importance and significance and for the role that I can play in helping to establish it.

I have offered a brief statement which I will not read unless you wish me to. I could summarize some of the key points.

Chairman NUNN. That will be fine, and your whole statement will be put in the record. If you would like to summarize——

General HERRES. What I wanted to do was simply outline very quickly what progress I think we have made over the last, a little more than 2 years, since I occupied this position.

You have described the position very well, Mr. Chairman, and I do not think that I need to add to that.

What might be useful is for me to stress the manifestations of all of that, which I think are sort of interesting, because there were a lot of predictions as to how all of this would come out. But we had to wait and see, and reviewing all of that should be important to you.

First of all, I think that the thing that has been noticed about my position and the role that I have played is the continuity in the Office of the Chairman and the role that the Chairman plays, as it has been laid out in the Goldwater-Nichols Act. You gave the Chairman a lot of responsibility with the new law, and the fact of the matter is, you spread him pretty thin.

I am of the opinion that had he not had the help that a Vice Chairman could offer, it would have been very difficult for him to execute those responsibilities. I hope that I have done that well, and I am gratified by the comments that he has made to you and to others in that regard.

By continuity, I mean continuity in presiding over the deliberations of the Joint Chiefs of Staff, over participation in the National Security Council deliberations, and also in the activities of the interagency community. Those three sets of activities alone occupy a great deal of our time, as they should, because those are really the most important things we do; and they are all interrelated to one another.

There are many times when the Chairman just cannot be, obviously, in more than one place at one time, and many times the schedules of these activities do conflict with one another. So, the first thing that I can do for him, even when he is in town, and certainly, obviously, when he travels, is to provide continuity in representing him in these various bodies.

The Chairman does have a lot of demands on his travel; participation in the NATO activities alone—the military committee, for example, which is sort of the Joint Chiefs of Staff of NATO, does take some considerable amount of his time; and then of course there are other, similar bodies related to other military relationships that we have with other countries. And through all of this, the continuity that I provide, I think, has been useful.

A second thing that I think I have been able to help with, and any of my successors in the future will be able to help the Chairman with, is responsiveness to taskings. We do not have backlogs anymore in the Joint Staff and in the Office of the Chairman, in responding to requests from other agencies, from other elements of the Department of Defense and from the Secretary.

We, as a matter of fact, I think, maybe have made it kind of interesting—we have made it a little more difficult for others since, in the past there might have been various pockets of the building where people depended on us taking a lot of time to answer the mail. And since that does not happen anymore, there are changes taking place elsewhere in the building as well.

Another thing that I like to stress about my role is the extension on influence of the Chairman, and to some extent, this is related to the continuity aspect of the job. I provide a presence that is necessary within the various deliberative and advisory bodies within the Department, a couple of which I will mention in a moment, but there are many others—countless others. Again, the Chairman can only be in one place at one time, and my presence, my availability, enables him to extend his influence into these various deliberative bodies.

Of course, one of the Chairman's most important roles is to provide advice on requirements, programs and budget, and of all of his responsibilities. This is probably the one area where I have shouldered a proportionately larger load, even when we are both in town and in the saddle and working in parallel with one another.

I tend to take on a large share of these issues. As such, I help him in a large way and regard myself as a spokesman for the CINC's. I try, in that process, to balance the views and the needs of the CINC's who employ our military forces with the services who are responsible for building the force structure which our CINC's will have available to them to employ.

This is a delicate balance. Each of these bodies or groups of people have their own interests and needs, and sometimes they are in conflict with one another, and need to be balanced. I work closely with the Chairman, of course, in trying to strike that balance, and make sure that I am well-tuned to his philosophy.

One of the most important things I do in this arena is to provide the link among the Joint Requirements Oversight Council (JROC), the Defense Acquisition Board, and the Defense Resources Board.

The JROC is a body that we are gradually institutionalizing. I have taken that on as a special interest. I think that it is particularly important. I serve as its Chairman and it is the body that is responsible for requirements formulation and evolution. We have gotten the CINC's very deeply involved in the JROC process. We have asked the CINC's to participate on a number of occasions in the JROC deliberations, developing mission need statements and refining requirements for us.

I carry the results of that work to the Defense Acquisition Board, on which I serve as the Vice Chairman. And, as in the Defense Acquisition Board, of course, that development and acquisition oversight takes place and issues move on to the broader range of the acquisition process.

I am the only uniformed member of the Defense Acquisition Board, and as such, I regard myself as the representative and spokesman for the entire uniformed community—in particular, of course, of the Commanders in Chief of the Unified and Specified Commands.

And a third leg of this triangle is the Defense Resources Board, where resource allocation and prioritization takes place. Again, I participate in all of the Defense Resources Board meetings. The Chairman does participate in some, but again the demands on his time preclude him from full participation all the time. But I make it a point to attend all of the meetings, and again provide that thread of continuity, not only amongst the three bodies that I just described—the Joint Requirements Oversight Council, the Defense Resources Board, and Defense Acquisition Board—but also with his activities with the National Security Council and the interagency activities.

I have regarded institutionalization of the JROC as one of the biggest jobs, and hopefully by the time I leave this job, one of my most important accomplishments. Certainly that is an important goal of mine.

There is a lot of work left to be done to implement the spirit and intent of Goldwater-Nichols, and our needs for a more efficient, more effective national security establishment and Department of Defense.

We are working now on significant improvements to the Joint Strategic Planning System. This is probably the most formidable task of all that have been called for. We need to provide a clean audit trail from our national security strategy into the programs and budgets of the services. The Joint Strategic Planning System is the first leg in that audit trail.

We are revising it now. We will be going into the JCS deliberations very shortly with proposals that the staff has prepared and hopefully we will see a lot of progress. And we will be implementing some of the progress that has been made during the process that is ongoing right now, as we begin to prepare the defense guidance for the next program and budget cycle.

And there is still work to be done in the refinement of our joint professional-military education system. We have the Long Commission helping us in that regard, but we still have a lot of work to be done. And we look forward to the challenges that lie ahead there.

But we do have what needs to be done in hand. We are just moving ahead carefully and deliberately, trying to be sure not to make cosmetic changes, rather to make changes that will be lasting and have permanent value.

So, with those comments, Mr. Chairman, I conclude my remarks, and am available for your questions.

[The prepared statement of General Herres follows:]

PREPARED STATEMENT OF GEN. ROBERT T. HERRES, USAF, VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

Mr. Chairman and Members of the Committee: I am honored that President Bush has asked me to serve a second term as the Vice Chairman of the Joint Chiefs of Staff. Over the past 27 months I have had the privilege of carving out the initial roles for this office. Using the Department of Defense Reorganization Act of 1986 as our compass, Admiral Crowe and I have chartered a course that we both believe has begun to pay dividends—with the promises of many more down the road—in improving the combatant commanders' ability to conduct joint operations.

The major purpose that is served in creating the new position of the Vice Chairman is simply to assist the Chairman in carrying out his considerable responsibilities, especially in the light of the additional mandates placed on Admiral Crowe by Goldwater-Nichols. As the law mandates, I stand in for the Chairman in his absences and I think this has provided continuity of advice to the President, the Secretary of Defense and the National Security Council and continuity of supervision to the Joint Staff. While I spend much of my time in this manner as the Chairman's alter ego, I have some specific duties that occupy a considerable amount of time. In the main, these center around an attempt to bring reasonableness to the burden borne by the Chairman while extending his influence. This is done chiefly through my presence on various boards and councils.

The specific functions that have been assigned, put me in the position to help make interoperability and "jointness" work better. These duties fall into five very broad categories: resource management, joint professional military education and personnel policy, oversight of the Defense Agencies with particular emphasis on the four combat support agencies, and oversight of deliberate war planning.

In the realm of resource management, there are two key roles—the planning, programming and budgeting system and the acquisition process. The PPBS is centered around participation in the Defense Resources Board which meshes well with overseeing the deliberate planning of each CINC's unique operational plans. In doing all of that, I become keenly aware of the CINC's operational requirements and, in particular, resource shortfalls. The difficult task is balancing valid war-fighting needs against declining budgets and a tendency to proliferate theater specific weapons systems—a constant game of balance. I try to blend the views of the builders of force structure, that is, the Military Departments and their Service Chiefs, with the needs of the Combatant Commanders, that is, the CINC's.

I spend much of my time supporting the Chairman and the CINC's as Vice Chairman of the Defense Acquisition Board (DAB) and as Chairman of the Joint Requirements Oversight Council (JROC). The JROC is chartered to provide oversight of requirements and program monitoring at the front end of the acquisition process to determine joint program feasibility, at the same time ensuring interoperability, reducing parallel and duplicative efforts, and promoting economies of scale. With this in mind, we are striving to move deliberations deeper into the early stages of program development so as to impact concepts as they emerge rather than adjust programs as they are executed—when it's usually too late to make fundamental changes without great cost. It is this process that dovetails the requirements formulation and evolution activities of the JROC with the broader role of the DAB—the responsibility to oversee and track the system development and acquisition process. Because I sit on both of these panels and have been tasked as the Chairman's representative to the Defense Resources Board, a formal and continuous connection now exists—that never existed before—between the combatant commanders as advocates of requirements and the various fora for resource prioritization and allocation. Therefore, my role has become the thread of continuity in weaving jointness and interoperability into everything we do on a daily basis; but in particular, in making that connection from requirements to the implementation process.

We have come a long way; yet, to be sure, there is still much work to be done. Nonetheless, we *have* accomplished a great deal in a very short amount of time. And I think that progress has been made where it was most needed—in the fundamentals. Now we must *sustain* that progress. I believe the changes have already laid the foundation for a new atmosphere of jointness in the Department's everyday affairs that is improving our warfighting capabilities significantly.

Much has happened over the past 27 months—the *Stark*, the *Bridgeton*, an aerial dual over the Mediterranean, the INF Treaty, a new administration, the opening of meaningful conventional arms negotiations—just to mention a few. I believe that the Reorganization Act has enabled us to provide crisper, clearer advice on the issues affecting national security. I have been fortunate indeed to serve such an able Chairman and be a part of that process. Thank you; I look forward to working with this committee and the Congress in accomplishing that goal and am now prepared to answer your questions.

Chairman NUNN. Thank you, General.

It was very helpful to get your assessment.

My first question is whether you believe there are any further changes in the law needed now, in relationship to your job, your relationship to the Secretary of Defense, your relationship to the Chairman of the Joint Chiefs and to the Chiefs themselves, as well as the CINC's.

Is there anything we need to amend or change in the law?

General HERRES. There is nothing very important for me to recommend to you in that regard. There are some minor changes I think, that could be made in time, but I would not recommend making those changes a matter of particular concern right now. But when the time comes that refinements have to be made, these might be considered.

The first one may sound a little bit personal, but I would recommend that you consider changing the turnover time of this position to a later time in the year. The first of June, I think you are going to find as time goes on, is going to be an awkward turnover time for the Vice Chairman.

The act calls for a change in the event the Chairman and the Vice Chairman are of the same service, and so you are always going to be faced with the problem of having to make a decision there. So I would recommend that you change the termination time of the Vice Chairman to sometime after the Chairman turnover time. A good time to give enough overlap in between the appointment and confirmation of a new Chairman and a new Vice Chairman might be a couple of months; say, after the first of the year.

Not a terribly important thing, and it can be accommodated, but it is something you might consider.

There is the question that is asked of me, and since you have indirectly asked it, I think, I might as well address it, and that is the question of whether or not the Vice Chairman should be a member of the Joint Chiefs of Staff.

The law suggests or implies that there is a distinction of significance. I think that if we consider what you intend in the law, and what the law reads to me, whether or not the Vice Chairman is a member of the Joint Chiefs of Staff is not terribly significant. But you do have a little inconsistency in that you have the Vice Chairman of a body who is, according to all the interpretations that I know of, not a member of that body, which is sort of, I think, a strange and awkward situation.

As I understand it, the logic behind that structure, is that the Vice Chairman should not have a vote when the Joint Chiefs of Staff vote on matters. But in fact, the voting procedure and the voting aspects are sort of overtaken by events in the form of the change of the law. The change in Title 10, that calls for the Chairman to be the principal military adviser to the President, National Security Council and Secretary of Defense, means that a vote is sort of a thing of the past.

The role of the Chiefs of the services, to provide their own independent advice when they disagree with the Chairman, I believe, is important to preserve. The law does that. And I think there was, perhaps, a little bit of a holdover from the past with the idea of a vote being connected with this advice role of the Chiefs of the services. I think the law could be structured at some point (whenever you decided to do that) such that the Vice Chairman is a member of the Joint Chiefs of Staff, but is not entitled to the same separate, independent advice authority and responsibility that the Chiefs of the services are.

I think it would be ill-advised for the Vice Chairman to have the same role, to play the same role, that the Chiefs of the services do in that regard; but separately, I think that he should be a member.

Now, I think there is a way to construct the law so that one could do that.

Chairman NUNN. As a practical matter, what difference does it make whether you are a member or not?

General HERRES. It really does not make much difference.

In the practice, I cannot think of any incident or time that it made any difference, and that is why I offer it as a relatively insignificant point.

But it is a question that comes up, and I am asked about it, and I thought that I might as well address it.

Chairman NUNN. Good.

General HERRES. Other than that, I think that you have a good law that we need to work with. It is going to take time for all of the cultures to become accustomed to the change in the way we do business.

It has, in my view, had a very profound effect throughout the Department—in fact, through the whole national security apparatus of the Government, and in ways that are not readily perceived by most people. To a large degree, because some of the changes have taken place gradually and subtly over the last 3 years—I think that the thing for us to do now is to get everything institutionalized. All of the changes that cascade down through the system—get them institutionalized. New generations of officers come into these jobs—get them accustomed to new ways of doing business.

The effect of the law is going to mount as time goes on.

Chairman NUNN. General, one other question before my time expires. How would you gauge the independence and effectiveness today of the Joint Staff compared to, say, 3 years ago?

General HERRES. Well, we clearly have improved. I think the professionalism of the staff and the quality of its performance have improved. It was not easy in the beginning to get the staff to think independently.

Before Goldwater-Nichols, the role of the staff was to work for and serve the corporate Joint Chiefs of Staff. Now their role is to work for the Chairman; to function as the Chairman's staff, to develop positions that are appropriate for the Chairman to take on issues, and to work with the services in seeking the advice of the services on the wisdom of those positions.

This is a change that is very large, and very profound. Any organization the size of ours, which is in effect at the top of the hierarchy of a much larger organization, is not going to change overnight. It would be unfair and dishonest of me to say to you that we have solved the problem of complete independence of the staff.

There are still habits that exist, and there are times that we have to remind the staff that we have to work this position from the viewpoint of the Chairman. We will get the advice of the services, but we do need to remember that we are developing an independent Chairman's view.

But I think that we have come a very, very long way. You see, we are 3 years into the law. A good number of people now who were just coming into the staff about the time that I came back to Washington will be rotating this summer; so we are seeing a turnover.

This summer will be about the first complete turnover of the first generation, I would call it—a 3-year cycle of people into the job. So I think that we are going to see a lot of continued change in that regard.

Chairman NUNN. Thank you, General.

My time has expired.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I congratulate General Herres and his family for receiving from the President of the United States the highest accolade that can be paid—his confidence in you to take on this very important role, not only on behalf of the President, but for the Nation.

You are eminently qualified. I have had the privilege of knowing you for several years and following your career.

I want to divide my time between two subjects. One is Midgetman and MX, and the other is B-2.

I want to start off with the B-2, and reminisce a little bit, and bore my colleagues here.

During World War II, in the winter of 1944-1945, I went into naval aviation, and although I did not complete the program, I saw something of the training command.

And I remember vividly being taken out by the older cadets, who had been at the airfield a little longer than I had, to the boneyard, and there was the darndest collection of wrecked airplanes that I ever saw in my life. It was almost a badge of honor for those young fellows to have flown those airplanes and to have survived crashes.

Have you ever looked up how many crashes we had in the training command in World War II? Combined—the old Army Air Corps, the Naval Air Corps, and the Marines?

General **Herres**. No, sir, but I know it is a lot more than we have now.

Senator **Warner**. That is correct.

There were around 20,000 aircraft lost, just in training young men, mostly, in those days, although the Ferry Command had some women, to become pilots.

And yesterday, we had the testimony in the Projection Forces and Regional Defense Subcommittee of the chief of naval air, who said with justifiable pride, last year the Navy sustained 75 operational aircraft losses, and then something like 45 or 50 in this year.

Now, let us go to the B-2. It has been here for 11 years. We watched the development of that thing from concept right out to where she is on the tarmac, ready now to make the first flight. We watched the cost projections through the year.

I believe in the mission of the aircraft. Still, I feel that there is a role for projection into the Soviet Union. It has complicated their air defenses, their budgetary problems in connection with their air defenses.

But I am really concerned, as I look back on my own brief experience, as to how we are going to get enough of those airplanes to be operational, and still sustain the losses that are concurrent with training and operation of any aircraft.

The one thing that has not changed since World War II is that there are still young men flying these planes with a lot of courage.

Now, how are we going to overcome that problem with an aircraft that at the bottom line is a half a billion dollars?

General **Herres**. Well, the———

Senator **Warner**. You have given your life to aviation. Now, walk me through that equation.

General **Herres**. Well, you have already touched on the trends in accident rates, and they are very remarkable.

I am familiar with the way that curve has gone throughout the span of my 35-year career. And we have made a tremendous amount of progress for a whole lot of reasons, because pressure has been applied across the whole spectrum of activities—training, logistic support, flight line maintenance, and so forth.

Senator **Warner**. Just out of curiosity, how many operational aircraft were lost in the Air Force last year, in training and in squadron operation?

General **Herres**. I could not give you the number, but our accident rates are running down between one and two per 100,000 hours flying time. Of course, we have been in that range for some time now, which is the lowest in years.

Senator **Warner**. What does that translate into annually?

General **Herres**. I would have to think about it. I could not give you an answer off the top of my head. I just do not look at those numbers like the Chief of Staff of the Air Force does.

Senator **Warner**. I understand that.

Well, it is a dozen or more planes a year, I suspect, is it not?

General **Herres**. Oh, yes, sir, more than that.

Senator **Warner**. All right.

General **Herres**. Yes, sir. Probably.

Senator **Warner**. Couple dozen.

General **Herres**. Yes.

But back to your question—what I think you are asking me is how can we afford a half a billion dollar airplane, if every once in a while we are going to lose one?

Senator **Warner**. That is correct.

General **Herres**. And I believe the first thing that I have to say is that we have got to find better ways to be absolutely sure that the airplanes are going to be flown safely, and are not going to have accidents.

There are things one can do. We have done a lot of them with the airplanes that we have in the inventory. We use simulators a lot more than we ever did before.

The simulators that I flew as a young lieutenant were not really much better than procedures trainers. They improved safety considerably, but there was a limit to how much you could get out of flying those simulators.

Today, the simulators are remarkably faithful to the handling qualities of the aircraft itself.

I use, as the best example in such discussions, the training that was given to the lunar lander people who went to the moon. For the first time, they landed a vehicle on another body with a different measure of gravitational attraction.

There was no way to simulate fully, in a flight vehicle, how that vehicle would operate when it landed on the moon, other than through a full electronic simulation device. And the success of that mission is well known to all, and the vehicle handled very faithfully.

We are going to have to, with expensive airplanes like these, make big investments in simulators, make that a part of the program as we do. Our people are going to have to spend a lot of time in those simulators to acquire and maintain the skills that they need to maintain and fly these aircraft.

We are probably going to have to give them the opportunity to fly other aircraft that have similar handling qualities, in order to keep their skills honed.

Senator **Warner**. My time is about to end.

My second question, very quickly, is about the Midgetman versus the MX.

I happen to firmly believe that we, as a Nation, should proceed with both systems. The Soviet Union has both systems in operational status today. What is your feeling on those two systems?

Mr. Chairman, am I correct that I can ask the General for his personal opinion?

Chairman **Nunn**. That is right. We have that understanding with, really, all of our military officers, that when asked for their personal view, they would give that personal view.

General **Herres**. First of all, I think that we need a mobile, land-based ICBM. Second, it is clear, and I do not need to tell you all, that there are more things to do than there is money to do them with, and we are going to have to find the most economical way to do this, as long as it is effective.

I believe that the rail garrison mode provides the more than adequate contributions to deterrence that will be needed of a mobile, land-based ICBM, as a part of our entire spectrum of capabilities.

We have contributions, of course, from the bomber aircraft, with the cruise missiles. They can be placed on alert. They are survivable, on a minute-to-minute basis. We have submarine launched ballistic missiles that can go to sea.

We can increase alert rates——

Senator **Warner**. But you are of the opinion that this Nation needs both, and we should go forward?

General **Herres**. Yes, sir.

Senator **Warner**. That is all I wanted to know.

Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Warner.

Senator Exon.

Senator **Exon**. Thank you, Mr. Chairman.

Let me follow up on the question just asked you by Senator Warner. That is something that I want to get into, General.

One of the dangers, I think, with regard to our evaluation and the public's valuation of the B-2 is that it is just another airplane. You know, we had the B-17; we had the B-24, and we have come up through the ranks, and now we have the B-1.

I, too, have followed the B-2 program from its inception. I am tremendously excited about the B-2.

Is it fair to say that the B-2 is far more than just another airplane? It is a total, new system, from my vantage point. I see the B-2 as the most confounding of all of our systems with regard to the Soviet defense planner. If past history holds, we are going to have some accidents and problems with this aircraft, as we have had with all others.

But it is also true that this aircraft has been built and designed and tested far, far more than any other type of bomber that we have ever manufactured or undertook to manufacturer in the past.

I guess it comes down to a situation, as expensive as this system is compared with other "ordinary" airplanes, is it worth the cost? If the airplane flies and performs as we think it will, is it worth it, from the standpoint of what it would do for our overall deterrence?

I think the answer to that is yes, and I am wondering if you do not agree with me that sometimes we talk about the B-2 as if it were just another follow-on bomber, when it is far more than that. It is the most intricate Soviet-confounding system that I think we have ever come up with.

General **Herres**. One of the things that is lost about the B-2, Senator, is that there is not only the low-observables technology, which is well advertised, and which everybody understands, but there is also the technology of the flying wing, which is a very important development in aviation.

It is a development that this country needs to exploit. And, if we are to be a great power in this world, we need a long-range, strategic aircraft.

At some time, the B-1 will be too old to fill that role and we will need the B-2. The development of the flying wing technology, which is a much more efficient airfoil, will enable us to fly great distances with large payloads, more so than we ever have in the past. That development and exploitation of that technology is important, and that is a big piece of the B-2 program.

Obviously, it is one of the reasons why, in addition to the exploitation of low-observables technology, it is an expensive program. But I cannot imagine this country continuing to pretend to be a great power in this world without a long-range strategic bomber capability. Not just to deter in a bipolar world, but to deal with a wide variety of contingencies and possibilities that may evolve in the future.

Senator **Exon**. If you had to make a choice between not going ahead with the B-2, because it is too costly, producing 20 of them only, or 50 of them only, or 75 of them only, as compared to 130-some that the Air Force projected, what would be your choice?

In other words, that system, I think, is so important to us that even if we do not procure, eventually, all of the 130-some, a lesser amount would be a significant deterrent as far as we can see in the future right now. Is that correct?

General **Herres**. Well, I think that is true, but I think it is probably too early to make a good judgment in that regard.

The airplane needs to fly. The development process, I think, needs to evolve a little bit further before there is a good answer to that question.

I think that the target we have right now is an adequate target for the moment.

The one thing I think we need to be careful about with this airplane is not to get in too big a hurry. We need to do this deliberately, because there are two major kinds of technology that need to be brought together. They need to converge, and we need to do it right.

Hopefully we can do that without spending too much money.

Senator **Exon**. With regard to the rail garrison, Small ICBM controversy, given the fact that we can have 500 warheads in the mobile system in the near future for about $5 billion cost, as opposed to $25 billion, according to Air Force estimates, for the Small ICBM, would you not agree generally, and would it not be your position that while it has now been decided that we are going to move ahead with both programs simultaneously, if there is any emphasis, it should be given to the deployment rail garrison of the MX as quickly as possible?

General **Herres**. Yes, sir, I agree.

And I would like to amend my answer to your question, Senator Warner, when you said do you think we need both.

By "both" you meant the Small ICBM and the rail garrison? If it is a choice between the two, I believe that we should take the rail garrison.

Now, let me explain that answer. If you did not have to worry about funding constraints, and you could afford the luxury of seeking the ideal solution to the mobile, land-based ICBM problem, the Small ICBM is the best solution.

It offers, from a military standpoint, all the attributes that you would want, of a mobile, land-based ICBM; but it is a lot more money, and what you get in terms of a contribution to deterrence, for the additional amount of money, is, in my view, marginal—quite marginal, in comparison with the amount of money that you have to spend to do that with rail garrison MX.

So, as we look ahead and look at the much lower defense budgets, and the need to modernize in a lot of other areas besides just the land-based ICBM or the strategic nuclear forces—in my view, the rail garrison should be our first choice. If, after we have deployed the rail garrison, we still see the need for a larger, land-based mobile ICBM capability, than a Small ICBM would be a good follow-on choice.

Senator **Warner**. Mr. Chairman, he said that if after we get rail garrison—now, step back here a minute, General.

I understand the President's policy is to go forward with both systems—not if one, then the other.

General **Herres**. We would be developing the Small ICBM.

Senator **Warner**. All right.

General **Herres**. But the deployment of the rail garrison would take place first.

Senator **Warner**. It might well, but there is no "if" connected with going forward with the Small ICBM.

General **Herres**. My personal view is that that ought to be looked at when you get to the point where you have to make a deployment decision on the Small ICBM.

Senator **Warner**. You should be well along on your investment curve on the Small ICBM by that time, rail deployment.

General **Herres**. For the rail garrison, yes, sir.

Senator **Warner**. My understanding of your response to me was that you supported both programs, and the President's program was to go forward with an earlier deployment of the rail now, but in parallel, the Small ICBM goes through its development phase and perhaps other phases.

General **Herres**. And that is why I wanted to clarify it, to make sure you do understand my view.

My view, my personal view, is that we should continue development of the Small ICBM. There is no need to be in a big hurry to develop the Small ICBM, in my view.

What we need to do soon, and what needs to be our highest priority, and what we do need to do in a hurry, is deploy the rail garrison. That is something that we can afford to do. It is an important thing to do now.

Senator **Exon**. Since we are on my time, just let me make a comment. [Laughter.]

The position emphasized by Senator Warner comes out of the confusion that I think exists in this matter today. And I think the President finessed that situation very well. I think that he finessed it wrong, but I think he finessed it very well.

And I am willing to support, as one Senator, $100 million to continue the development of the research and development on the Small ICBM.

But there is a thing today I want to tell you, General, with the strong supporters of the Small ICBM, of which this Senator is not one—although I recognize it as a thing that I would like to have.

Given the budget constraints, there is no way that we are going to be able to move, in my opinion, both of these systems along simultaneously on the same track with the same amount of money.

Therein lies the dilemma that is going to be facing the subcommittee that I chair and this committee. The debate goes on. But every uniformed officer that I have talked with about this has taken the same viewpoint that you have, and I think it is the right one.

In any event, my time is up, and I recognize Senator Lott.

Senator LOTT. Well, I was enjoying the last part of your questioning there, Mr. Chairman.

Let me just thank the General, for your testimony. I appreciate your clarification, because I thought I missed something there awhile ago. I thought you were saying that your personal opinion was that we needed to go forward with the mobile land-based ICBM, and then all of a sudden you more or less said you support them both—which was not what you were saying, as I understood it.

So you came back and clarified it, and I do not want to get you in further hot water, because you are trying to represent your position as Vice Chairman, the administration, be responsive to our questions and comments—I fully understand what you are saying, and I agree with you totally.

I appreciate your honesty, and wish you the very best.

Thank you, Mr. Chairman.

Senator WARNER. You are asking him that question to allow him to make sure you understand him?

Senator LOTT. No, I am trying to say that I am glad he clarified his responses to your questions a few minutes ago, because I was confused a few minutes ago, when he got through. But he came through and clarified it, right?

General HERRES. Yes, sir.

I apologize for not making it clear at the beginning. We need to invest in both, but I think the investment there should be prioritization, and the investment of the Small ICBM should be as modest as it can be to keep the program going until we get the first-priority job done, and that is deploying the rail garrison.

In my view, that is the thing we need to do.

Senator LOTT. I agree.

Thank you very much.

Thank you, Mr. Chairman.

Senator EXON. I believe——

Senator THURMOND. I have not had a round yet. I do not know whether I am next, or not.

Senator EXON. Well, we are moving back and forth, Senator. You would be next.

Senator, please proceed.

Senator SHELBY. Thank you, Mr. Chairman.

General, we are talking about money, and we are talking about budgets, and so forth.

How much input have you had in the budget process, in your current position?

General HERRES. Well, as I indicated earlier, I participated in all of the DRB meetings. I do not think I have missed a DRB meeting since I took office in February 1987.

The DRB, the Defense Resources Board, is the senior advisory board that deals with all the resource allocation and prioritization issues, which is what the budget issues are all about—programming first, and then budgeting—and I have been deeply involved in that process, carried the Chairman's views and the Commanders in Chief of the combatant command views into those deliberations as faithfully as I know how.

And I know—I can tell you with certainty—my voice has been heard. Now, I have not won every battle. There are some over there in the building who will tell you that I have won more than my share. I am not sure about that. I guess it depends on your viewpoint. I do not keep score.

Senator SHELBY. General, where are we going, as far as force structure, in the future? We are already into the budget. We have been talking about the rail garrison versus the Midgetman, and so forth.

We are going to have to make a lot of decisions there. You are into it, and you are going to have to make some recommendations. We will consider those.

Where do you think some of the force structure cuts, if any, are going to come from? And I have to think there are going to be some.

General HERRES. Yes, a big question there, and a lot of it, too.

The first part of it, where do you think we are going with force structure, I think that——

Senator SHELBY. We are going in a shrinking era.

General HERRES. Yes, sir. There are going to have to be cuts in force structure.

We are either going to have to slow down modernization, which I think would be a big mistake—we have to worry not only about the kind and quality of equipment that our people have 2 or 3 years from now, but we have to worry about it for 10 or 15 years from now, too. That is very important, and balancing the two against one another is difficult.

It takes a pretty clear crystal ball to make decisions in that regard.

It is very clear that if the pace of modernization that we have tried to sustain over the last several years is to continue, we are going to have to shrink force structure quite a bit.

Senator SHELBY. While we are talking about budgets, how much money, in your judgment, will it cost to put the MX on rails, and how soon could that happen?

General HERRES. Well, I will get you the exact figures for the record, but we are talking about $5 billion or $6 billion to take the 50 that are in the silos now out, and put them on rails.

And we are just talking a little over a couple of years. I think 3—1992, 1993 timeframe.

[Additional information follows:]

The cost of moving 50 Peacekeeper ICBM from silos to rail garrison deployment is $5.6 billion. The initial operational capability will be achieved in 1992, with full operational capability in 1994.

Senator SHELBY. As opposed to how many years, assuming we move in tandem with the Midgetman, as far as deployment?

General HERRES. With the Small ICBM coming in tandem, after that? Well, you are looking at the latter part of the decade.

Senator SHELBY. Okay.

General **Herres**. But in my view, since once you get the Peacekeeper ICBM on rails, or the Trident program moves ahead——

Senator **Shelby**. That is ready.

General **Herres**. I do not think there is that big a hurry with the Small ICBM.

Some day the Minuteman will need to be replaced; we need to continue to modernize. But I think what we ought to do is spread some of this modernization out so that the next time we have to modernize, we do not have to do it all at once. This is one of the things that has hurt us.

Senator **Shelby**. If we meet the rail garrison proposal that we have been talking about, that would cover a big gap there, would it not, in our strategic defense needs?

General **Herres**. Yes, sir.

It makes a very substantial contribution to deterrence, because it does give us prompt, survivable RVs.

Senator **Shelby**. And what kinds of numbers are we generally talking about for the deployment of this Small ICBM or the Midgetman?

General **Herres**. Numbers of missiles?

Senator **Shelby**. Dollars, dollars.

General **Herres**. Dollars? Well, about $25 billion, yes, sir.

A variety of basing modes to choose from.

Senator **Shelby**. Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Shelby.

Senator Wilson.

Senator **Wilson**. Thank you, Mr. Chairman.

General Herres, let me further clarify your position on this debate as to whether we should engage in ICBM modernization on a split front or recognize that we have some choices to make, and simply choose one.

I do not know if it was last year, or the year before—we have been having this debate for such a long time—but the Air Force came before this committee, and the justification on the proponents, by the proponents of Midgetman, for the far greater costs of that system were advanced in terms of its allowing us to have the capability to scramble more rapidly in the event of a "bolt-out-of-the-blue", first-strike attack by the Soviet Union.

And that was really the sole basis for justifying that far greater cost. When asked what the plausibility of a "bolt-out-of-the-blue" attack scenario was, the response from the Air Force was, at that time, that it was irrational. That was the word used, irrational.

And when pressed to explain why it was irrational for a Soviet war planner to launch a first strike on a "bolt-out-of-the-blue" scenario with total lack of warning, the explanation was that the Soviet Union, in order to do so, would be required to leave themselves so completely vulnerable, so exposed to attack, that it would not make rational sense to do so.

Do you agree with that?

General **Herres**. Yes, I do.

And I think that you have to keep in mind that the rationale for that belief is that a "bolt-out-of-the-blue" comes in an environment in which there are no indications whatsoever that an attack is taking place. No preparations have been made to limit the amount of damage for a response on our part.

In other words, they would not have deployed more submarines at a higher rate. They would not have deployed their rail garrison, or their rail or road mobile missiles at a higher rate, and so forth—other things one might do, other mobile systems.

A "bolt-out-of-the-blue" is purely that—a bolt out of the blue. And we have a considerable amount of capacity to respond to that and inflict an intolerable amount of damage on the Soviet Union.

And, of course, keep in mind—the Soviet planner has to cope with the idea that we might just, in fact, be able to launch many of our land-based ICBM's in fixed silos upon confirmation of enemy attack. Or, in the rail garrison mode, since that is an issue, the rail garrison missiles can, of course, be similarly launched.

Whether we do that or not is something one can debate long and hard, but the Soviet planner has to take that into consideration.

We have a very robust communications and warning system to support that option.

Senator WILSON. Thank you.

I will not pursue that further, because I think that is clear, and I think that while we will get into this discussion later, at this point, let me pursue something else with you.

In your statement, you said the difficult task is balancing valid war-fighting needs against declining budgets, and a tendency to proliferate theater-specific weapons systems—a constant game of balance.

I try to blend the views of the builders of force structure, that is, the military departments and their service Chiefs, with the needs of the Combatant Commanders, that is, the CINC's.

We are driven by fiscal constraint in what you correctly describe as a declining budget environment to make choices between what are probably unwise options in the normal course, and choose the lesser of the unwise options, that is the unfortunate circumstance we find ourselves in often.

I gather, from what you said earlier, that you have regarded yourself, insofar as it has been possible for you to do so, to be an advocate for the CINC's, and to really take their requirements, both in your JROC capacity and in the special role assigned to you under Goldwater-Nichols with regard to defense acquisition.

And from what you have said here, I gather that you have detected what you describe as a tendency to proliferate theater-specific weapons systems.

Can you give me an example of what you mean by that? I mean, that makes sense to me, but I——

General HERRES. Well, because of the high priority of our heavy commitment to central Europe, I think there has been a tendency that has evolved over the years to orient the design and the characteristics of systems, as we develop them, to that scenario—to the threat that exists in central Europe.

This might result in systems that are heavier than we might want them to be, if we have to deal with a wide variety of scenarios elsewhere in the world and have highly deployable systems.

For example, the M-1 tank will be a great tank in central Europe, but it is a big tank, and a heavy tank, and to deploy it elsewhere takes a lot of lift.

And so we have to be careful that we do not oversubscribe to systems that are oriented toward one particular scenario, if we hope to have flexibility and flexible forces and flexible deployment capabilities and capacities in the future.

I do not mean to say that we should try to win a war in central Europe with light infantry, or inadequate tanks, when the Soviets have got big T-80's. We have got to build big tanks to deal with them, too.

I just point out that as we look ahead, I think there is a need to orient our thinking a little bit differently, and not get target fixation on scenarios that we have become very, very accustomed to and respond to in almost a knee-jerk fashion sometimes. We have to balance all of that out.

Senator THURMOND. Senator Wilson, would you permit me 5 seconds? I have another meeting.

I just want to say, General, that I think you are well-qualified, and I will be glad to support your confirmation.

I ask unanimous consent that my statement appear in the record.

Chairman NUNN. Without objection.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT OF SENATOR STROM THURMOND

Mr. Chairman: I join you in welcoming back General Herres. It seems only yesterday that he appeared for his confirmation hearing as the first Vice Chairman of the Joint Chiefs of Staff.

General Herres, all the reports indicate that you have met the standards for the position as envisioned by the Goldwater-Nichols Defense Department reorganization bill. President Bush and Secretary Cheney have recognized your special abilities in this sensitive position by renominating you for a second term. I want to echo their confidence in you and let you know that you have my support.

Thank you Mr. Chairman.

Senator THURMOND. I have a couple of questions, if you will answer those for the record.

General HERRES. Yes sir.

Senator THURMOND. Thank you very much, Senator Wilson.

Chairman NUNN. Senator Thurmond, I was about to recognize you, so if you do want to ask questions, I think Senator Wilson——

Senator THURMOND. I have a meeting I have to go to.

Chairman NUNN. Okay.

Senator WILSON. Mr. Chairman, might I have your indulgence to just pursue this one point?

Chairman NUNN. Certainly.

Senator WILSON. In that connection, let me ask you, then—clearly airlift is not one of those theater-specific requirements about which you have been concerned, and on which you had to exercise restraint.

General HERRES. Yes.

Senator WILSON. Is it not true, then, in the light of the response that you just made that as we are debating the role of the bomber—the new bombers that we are talking about, specifically B-2 and what the balance is going to be between B-1 and B-2—I would think that in that interval, until we have made that decision and that commitment, the kind of dual capable fire aircraft that we have in Europe is really worth a great deal to us.

General **HERRES**. Yes, sir, absolutely.

I could not agree with you more. Dual capable aircraft, the whole idea is flexibility, and we have—I think it has been a habit of our country—to try to build forces that are as flexible as possible.

But when we get tied to dealing with one scenario for a long time, there is that temptation. In fact, there are some forces that drive you toward some theater-specific orientations, and we need to make sure that we do not do that without our eyes wide open.

Senator **WILSON**. Thank you, Mr. Chairman.

Thank you, General Herres.

Chairman **NUNN**. Thank you, Senator Wilson.

General Herres, I just have one or two other questions, briefly, this morning.

You went to Panama in March, correct?

General **HERRES**. Yes, sir.

Chairman **NUNN**. And you assessed the situation there at the end of that time?

General **HERRES**. Yes, sir.

Chairman **NUNN**. And you got a good view of our military dependents, then—where they lived, and the physical facilities, and so forth?

General **HERRES**. Yes, sir.

Chairman **NUNN**. Could you bring us up to date on where we are today on the moving of those dependents into safer places in Panama, and moving those dependents out of Panama?

General **HERRES**. Well, we are moving the dependents that lived in Panama off of the U.S. military installations, out of their homes and onto military installations. In fact, they are there now.

Chairman **NUNN**. All of them, you mean?

General **HERRES**. Yes, sir, all of them.

Chairman **NUNN**. So you think——

General **HERRES**. All of the command-sponsored. Now, there are about 1,700 non-command-sponsored dependents——

Chairman **NUNN**. Meaning dependents that we do not help to pay for.

General **HERRES**. Those are people who are not authorized government housing. For example, many of the civilians down there occupy positions that have to be hired locally. The requirement is, in accordance with agreement, that they would be hired locally, and they are not entitled—they and their dependents—are not entitled to government housing.

That comprises about 1,500 of that 1,700. The others are people who are not entitled to move their families, but their dependents have come down at their own expense and found apartments and places to live down there.

We are allowing those people to move if they wish. Those who need to come back to the States—we are working that question out.

But the bulk of the dependents are those who are command-sponsored, and they are being moved onto U.S. military installations. Most, virtually all of them, have sponsor families—this is a program that had been initiated some time back by General Woerner.

These sponsor families team up, and then the family from off post moves in with the sponsor.

They will be housed temporarily on the post until they are moved out. The people who will be rotating this summer will have the highest priority for movement out of Panama into their new assignments. We are accelerating the new assignments.

That is the first big step. That program had already been initiated before the decision to move all of the dependents on post at an accelerated pace was made.

That process is ongoing, and we hope to have everybody out of the country by the first of July—all of the command-sponsored dependents who had been living off post out of the country by July 1.

Chairman NUNN. So the goal is not simply to get them on the post, the goal is to get them out of the country.

General HERRES. Yes, sir.

Chairman NUNN. How about the non-commands?

General HERRES. I will just explain that. It is a little more complicated than it sounds.

Some of them will move onto post as some of the people on post have their assignments to go back home accelerated; they will move into housing.

But the point is, we are getting our——

Chairman NUNN. Well, will you get all the non-command-sponsored dependents on post or out of the country by a certain date?

General HERRES. We do not have a date set for that, yet.

Chairman NUNN. It will be after July?

General HERRES. Now, all can come out—we can bring them out voluntarily. But there are questions as to how exactly that is going to work and there are going to be a lot of people who are not going to want to move—probably a good piece of that non-command-sponsored.

As I say, many of those people are local hires. Many of them are people who have never lived any place else. You know, when you are into the third generation of the old Zonians, so to speak—people who were born and raised in Panama.

Chairman NUNN. So we are not going to reach a point where we do not have American dependents exposed to danger in Panama, then?

General HERRES. Well——

Chairman NUNN. Exposed to considerable risk.

General HERRES. The next step after we move the people off post onto post will be to make Panama an unaccompanied tour. And how we will do that, and how we will be attrited down to that——

Chairman NUNN. You are talking about a considerable period of time here.

General HERRES. That is right—except for certain designated positions.

Chairman NUNN. Is it a correct impression that I have that even on post is certainly not like a lot of posts where we have total control and security? On post is also exposed, is it not, in many ways?

General HERRES. It is a little bit different.

There are areas which I, to simplify, would describe as joint jurisdiction areas, where both the PDF and the U.S. Government have jurisdiction.

But it is a little bit different than the people who are living off post, or the people, for example, in the Panama Canal Commission housing areas, where the Panama Defense Force has full jurisdiction as its sovereign territory—sovereign Panamanian territory.

These dual areas will revert to the Government of Panama sometime during the life of the treaty or on the termination of the life of the treaty.

Now, the most notable pure U.S. Government facilities are Howard Air Force Base and Forts Sherman, Davis and Clayton. Those four are sole U.S. jurisdiction areas.

Chairman NUNN. There is a public road going right through the air force base, is there not?

General HERRES. Yes, sir. We have to allow access, although we have jurisdiction over that road. We have to allow access to the little village of Vera Cruz, which is just south of Howard, through that road.

But it is a little different from a road out in town.

The important thing about the configuration down there is that we do not have the kind of situation you have in Guantanamo, for example, in Cuba, where everything is in one enclosed area, and you can just build a fence around it and Guantanamo-ize it.

Chairman NUNN. So when we talk about moving dependents into a more secure position, it is relative to where they were, but not relative to a real secure place like Guatanamo?

General HERRES. That is right.

They would have to transit—for example, the hospital is on a city block within which we have jurisdiction, but the streets around it are sovereign Panamanian territory and PDF jurisdiction.

And the same is the case with the very small complex—I think it is more than one block—where the BX and the commissary are.

Chairman NUNN. How well are we getting along with the Panamanian defense forces at lower levels now? By that, I mean, there are all sorts of American military personnel and Panamanian military personnel who are doing joint duties, joint patrols, interlocking in many jurisdictional aspects.

How well are we getting along with them? Is there tension? Have there been threats of violence, or any of that?

General HERRES. Well, it is mixed bag, Mr. Chairman. I will give you one example, however, when we drove onto the post at Fort Armador. In each of these areas where we have joint jurisdiction, there is a Panamanian Defense Force guard and one of our own guards at the gate, and they salute us every time we go by.

So, there are some old habits and there are some old cooperative relationships that spring through. However, there have been these incidents of harassment, which for the most part appear to be in my view calculated, rigid, strict, enforcement of Panamanian rights as seen by General Noriega and his people.

So, this harassment that takes place from time to time, for the most part, is very annoying—and I am not saying that they should be doing these things, but I am just saying that these are things that from their viewpoint, they have every right to do as we traverse and operate and live and matriculate in their sovereign nation.

Now, every once in a while, and more often than we would certainly like, an undisciplined member of the PDF, or group of people in the PDF will carry what is probably intended to be an annoying enforcement, strict enforcement of Panamanian rights, to an extreme and to the extreme of what is just intolerable and unacceptable behavior.

We have that kind of thing going on, but that has probably existed in some latent form for some time. What we have now is an atmosphere in which that sort of thing is allowed to happen more so than it has in the past, because of the situation and the animosity between General Noriega and his government and ours.

Chairman NUNN. Let me ask one other question on another subject.

Press reports this morning indicate that President Gorbachev has suspended military aid to Nicaragua, and I believe the date was as of January 1.

Have we picked that up in terms of our own information as to a lessening or a total cutoff of Soviet military aid to Nicaragua this year?

General HERRES. Well, of course, we would not see the manifestation and I have not seen the letter yet. I understand that one has to read it carefully and when one reads it carefully, there are different ways to read what is actually going to happen.

Again, it is something that Mr. Gorbachev says is going to happen, and we have not seen the manifestations of that yet, to my knowledge.

Certainly, however, it is a welcomed, a highly welcomed statement and offering, and I certainly hope he goes through with it. It is going to make things a lot better for the people of Central America, and hopefully in El Salvador and other countries to which the Sandinistas are exporting their revolution.

Chairman NUNN. Thank you very much, General.

Any other questions for General Herres?

If not, General, we appreciate your being here, and we appreciate the job you are doing. And I think you will have the unanimous support of this committee in reconfirming you for this very important position.

General HERRES. Well, thank you very much.

You missed the fun about clarifying my views on the rail garrison and the Small ICBM, which may cause you to reconsider.

But in any case, I appreciate your confidence and the opportunity to appear before this group.

Thank you very much.

Chairman NUNN. Well, that subject has been with us a long time. I suspect we are still going to be debating it for some time to come.

General HERRES. Well, I do not think I said anything you have not heard me say before.

Chairman NUNN. There is considerable disagreement from people on that one, with good intentions.

Thank you, General.

General HERRES. Sir.

[Questions for the record with answers supplied follow:]

Questions Submitted by Senator Strom Thurmond

Senator Thurmond. In your opinion, have things improved over the past 3 years and what is the reaction of the individual officers to the changes imposed by the Goldwater-Nichols legislation?

General Herres. We are very pleased with improvements resulting from enactment of the Goldwater-Nichols legislation, and have observed substantial improvement in the quality and capabilities of officers now being assigned to joint duty from all Services. This is readily apparent in the quality of staffing and in the enthusiasm and breadth of vision these officers bring to their efforts. This improvement is a direct reflection of the obvious support of the Service Chiefs behind implementation of the law. Clearly today, many of our best officers are receiving challenging and rewarding assignments within the joint arena. With regard to attitudes and reactions of individual officers, we have taken great pains to alleviate their concerns by informing them regarding the provisions of Title IV. This is essential, quite frankly, because there is a lot of concern and anxiety in the officer corps as we have substantially changed the rules of the road for professional development. There is greatly increased interest in joint duty, with officers who actively seek such experience. If we continue to ensure joint assignment availability to those with inherent ability to become flag/general officers, this will come to be regarded much like any other key professional development assignment.

Senator Thurmond. General Herres, based on your experience during your first term as Vice Chairman, do you have any recommendations that you would like to see implemented regarding the position of Vice Chairman?

General Herres. I recommend that the law be amended to adjust the term of the Vice Chairman to end in January rather than June so that it overlaps that of the Chairman to facilitate turnover continuity. This would also allow for the new Chairman to have some influence in the process of selecting a new Vice Chairman. In sum, it seems to me that the law should provide for procedures that recognize that when the Chairman's position turns over, there will frequently be a change in the Vice Chairman as well.

I also would recommend the legislation be amended to make the Vice Chairman a statutory member of the Joint Chiefs of Staff. I believe that a few simple changes can be made to structure the law so as to distinguish between the Vice Chairman's role as a member of the JCS and the unique statutory roles of the Service Chiefs as advisors in matters when they feel independent military advice should be provided to the Secretary, NSC and the President. This would mean structuring the language to preclude the Vice Chairman from the entitlement to provide advice separate and independent from that of the Chairman other than under the conditions provided in the law now when presiding as Acting Chairman.

Although it has not mattered a great deal to me—and, as I told Chairman Nunn, has not hampered the execution of my duties, I believe firmly that the individual who serves as the nation's second ranking officer and who chairs JCS meetings and bears many of the Chairman's responsibilities when he is away or incapacitated should be a full fledged, undisputed JCS member. In the future, it may be difficult to attract experienced and well qualified senior officers to this position, and the match of the burden of responsibility with authority and prestige might be a factor for some in deciding whether to accept an offer of this position.

Senator Thurmond. General Herres, the Defense Department has been operating for several months with vacancies in key positions. What has been the impact of this void in the daily operations of the Pentagon and more important, what was the impact in developing the budget that we are considering at the present time?

General Herres. Up to this point, the daily operations of the Pentagon have been satisfactory. In the areas of acquisition and budgeting, the combination of top-level policy guidance from Secretary Cheney and the retained expertise of the Service Secretaries (where the bulk of our programs are built), the Under Secretary for Acquisition and Assistant Secretary for Program Analysis and Evaluation kept the civilian side of the system on track through the very rapid development of the revised budget proposal.

I believe that the Commanders of the Unified and Specified Commands, the Service Chiefs, and the Chairman and myself provided the necessary continuity of military advice. I am satisfied that the current budget proposal is a well-considered allocation of the available defense resources.

[The nomination reference of Gen. Robert T. Herres follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 9, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

The following named officer for reappointment as Vice Chairman of the Joint Chiefs of Staff under Title 10, United States Code, Section 154.

To be Vice Chairman of the Joint Chiefs of Staff

Gen. Robert T. Herres, 521-30-4808FR, United States Air Force.

[The biographical sketch of General Herres, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF GEN. ROBERT T. HERRES

Gen. Robert T. Herres was appointed as the first Vice Chairman of the Joint Chiefs of Staff, Department of Defense, on February 6, 1987. In this position, he serves as the Nation's second highest ranking military officer.

General Herres was born December 1, 1932, in Denver where he attended East High School. He was graduated from the U.S. Naval Academy in 1954, and holds master's degrees in Electrical Engineering and Public Administration from the Air Force Institute of Technology and the George Washington University. He is also a graduate of the Air Command and Staff College and the Industrial College of the Armed Forces. General Herres was awarded an honorary Doctor of Engineering degree from the Rose-Hulman Institute of Technology and an honorary Doctor of Strategic Intelligence by the Defense Intelligence College.

General Herres began his flying career in fighter-interceptors, was graduated from the Aerospace Research Pilot School, served as chief of the Flight Crew Division with the Manned Orbiting Laboratory Program, and later moved into bomber and aerial refueling aircraft operations in the Strategic Air Command. He has also performed duties as an intelligence analyst, in system development and acquisition, and in Command and Control System Management; has commanded a B-52 bomb wing, an air refueling wing, the Air Force Communications Command and Strategic Air Command's Eighth Air Force. As Commander of the Air Force Communication's Command, he was responsible for the development, installation and worldwide operation of all Air Force communications, ground radars and air traffic control services. As Commander of Eighth Air Force, General Herres commanded a significant portion of our nation's nuclear deterrent—to include B-52's, FB-111's, aerial refueling tanker aircraft, and Minuteman and Titan missiles. He subsequently served as the J-6, Director for Command, Control and Communications Systems in the Organization of the Joint Chiefs of Staff.

Prior to his appointment as Vice Chairman, General Herres served as Commander in Chief of the bi-national North American Aerospace Defense Command and as the first Commander in Chief of the United States Space Command. In these capacities, he was responsible for the aerospace defense of North America, and for ensuring that military space systems adequately support national command authorities and U.S. forces worldwide.

General Herres is a command pilot, and is qualified for the senior missile, air traffic controller and space badges. His military decorations and awards include the Defense Distinguished Service Medal with two oak leaf clusters, Air Force Distinguished Service Medal and Legion of Merit.

General Herres is married to the former Shirley Jean Sneckner of San Antonio, Texas. They have three children: Julie, Michael and Jennifer.

Chairman NUNN. Thank you very much. We appreciate your being here. The hearing is now adjourned.

[Whereupon, at 12:10 p.m., the committee was adjourned.]

[The nomination of Gen. Robert T. Herres, USAF, was reported to the Senate by Senator Sam Nunn on May 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 18, 1989.]

NOMINATION OF DR. DONALD B. RICE, TO BE SECRETARY OF THE AIR FORCE

TUESDAY, MAY 16, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 12:12 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Shelby, Warner, and Wilson.

Other Senators present: Senator Cranston.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel.

Professional staff members present: Robert G. Bell, John J. Hamre, William E. Hoehn, Jr.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Robert F. Bott and George W. Lauffer, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Terrence M. Lynch, assistant to Senator Shelby; James M. Bodner, assistant to Senator Cohen; and Dudley Carlson, assistant to Senator Wilson.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee meets this morning to consider the nomination of Dr. Donald B. Rice to serve as Secretary of the Air Force.

It is a personal pleasure for me to extend a warm welcome to the nominee, who is well known to most members of this committee.

The committee has worked closely with Dr. Rice and the RAND Corporation for as long as I have been on the committee. We have come to value his knowledge, his analytical skills, his insights, and his objectivity.

I would also like to recognize and welcome the members of his family that are present: his wife Susan and his mother, Ms. Mary Rice. If you all would stand, we would like to recognize you.

Susan and Ms. Rice, we are delighted to have you here.

Dr. Rice has been nominated for one of the most important positions in the Department of Defense. The Secretary of the Air Force is responsible for all the affairs of the Department of the Air Force, subject to the authority, direction and control of the Secretary of Defense.

The Secretary of the Air Force has the duty to ensure that the policies and programs of his Department are fully consistent with overall defense objective and policies. He also has a statutory requirement to ensure that the Air Force fulfills, to the maximum extent practical, the future operational requirements of the Unified and Specified Combatant Commands, as well as the present-day requirements.

Dr. Rice has been nominated to guide the Air Force at a crucial time. There are a significant number of difficult issues facing the Air Force in the next few months. I will not go into them this morning, but they will be a part of my statement.

The President has selected, in my view, an exceptionally well-qualified individual to guide the Air Force through these difficult decisions. Dr. Rice has a long and distinguished career in public service, and I would ask unanimous consent that his biographical data be entered into the hearing record.

[The material referred to follows the hearing record.]

Chairman NUNN. Dr. Rice has extensive service in and with the Federal Government. In the early 1970s, he served as the Deputy Assistant Secretary of Defense for Resource Analysis, where he received the Department's Meritorious Civilian Service Medal.

He later served as assistant director of the Office of Management and Budget.

In 1972, Dr. Rice left Government to serve as President and Chief Executive Officer of the RAND Corporation, building RAND into one of the Nation's preeminent research institutions.

Our top policymakers frequently turn to RAND for advice and guidance on some of our Nation's most difficult policy questions.

While at RAND, Dr. Rice continued to work on defense policy issues. Between 1977 and 1979, Dr. Rice directed the Defense Resource Management Study, a wide-ranging study of defense management issues that was commissioned by President Carter, and most recently, from 1978 to 1988, Dr. Rice served as a member of the Defense Science Board, the Defense Department's highest defense advisory body.

Dr. Rice has submitted to the committee written answers to 18 questions on defense management and operations that I had forwarded to him. They are available for the committee's deliberations.

Dr. Rice's submission was made available to committee members as soon as it was received.

I know there are a number of Senators who will want to be heard on this nomination. Senator Warner is not here at the moment, so I will turn to Senator Cranston and Senator Wilson. I know they will have words of introduction.

Senator Cranston, we welcome you, and we are glad to have you appear before this committee for the introduction.

STATEMENT OF HON. ALAN CRANSTON, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator CRANSTON. Thank you very much.

I welcome the opportunity to appear before you today to introduce my good friend and fellow Californian, Dr. Donald Rice, the President's nominee to be the Secretary of the Air Force.

Donald Rice's long record of involvement in issues of national security policy speaks for itself.

His tenure at the RAND Corporation, where he has been President and Chief Executive Officer for over 17 years, his association with the Defense Science Board, and his experience as an assistant director of OMB will serve him well, and our country well, at the Air Force.

In this period of budgetary restraint, there are difficult choices ahead for our armed services. I am confident that Donald Rice is a good choice to lead the Air Force in making those choices.

Last year, Donald Rice joined me and several of my Senate colleagues in a working visit to Moscow. The chairman of this committee was in that group.

His contributions to our meetings with Soviet leaders, and our delegation discussions, were invaluable. I will be interested in hearing his views on how we should respond to the changes that we are seeing now in the Soviet Union, and I look forward to continuing our collaboration.

Donald is a deep thinker who has dedicated his life to public service. He has earned the respect and friendship of many of us here in Congress, and has distinguished himself as someone who truly works for Senators on both sides of the aisle.

I commend him to the Armed Services Committee and urge your support for his nomination.

Chairman NUNN. Thank you very much, Senator Cranston.

I know you have other business to attend to, and while we would invite you to stay as long as you can, we also understand your other duties. We appreciate your being here very much.

Senator CRANSTON. Thank you very much, Mr. Chairman.

Chairman NUNN. Senator Wilson, we are delighted to have you, as a member of this committee, assume the podium and introduce this nominee.

Senator WILSON. Thank you very much, Mr. Chairman.

Service on this committee is a pleasure and an education. And I must say that listening to your introductory remarks, I found myself, as I did when Don Rice first asked that I participate in this with him, thinking that it is a happy thing for the Nation that he is such a glutton for punishment.

As you have pointed out in your own comments, in addition to the brilliant leadership that he has given to the RAND Corporation as one of the preeminent think-tanks in the Nation, he has a long and distinguished history at OMB, and at the Department of Defense.

He has, in short, made a career, quite literally, of providing thoughtful analysis and imaginative solutions to the Federal Government and to any number of other clients who have sought that from him, and I do think that he is particularly well suited for the present responsibility, which is a very heavy one, for the Secretary of the Air Force.

Increasingly, the Air Force has assumed a role that has taken it into arms control and to missile technology and to the traditional roles of providing fighter and bomber forces, but it has been an evolutionary role, and indeed it is perhaps fitting that he should come from his tenure there at RAND, when RAND itself was perhaps the child of the Air Force following World War II.

It has, of course, diversified into manifold capabilities, far beyond the initial narrow but important sphere that it occupied immediately following the war.

Indeed, I was looking through the 40th annual report of the RAND Corporation the other day. It is truly mind-boggling what they have managed to achieve by way of analysis, advice, and recommendations that have been translated into policy at all levels of government and in the private sector.

He, himself, is no stranger to the private sector. He is on the board of a number of corporations, the Wells Fargo Bank is one. There are many, many others, and the record is replete, so I will not bother to recount them to you.

I will only say that I think he is equipped in an almost unique fashion by intellect and character and by the experience, literally, of a lifetime, to assume the role that he has undertaken here, and I think that we have cause to be grateful to him.

Indeed, I know of only one possible character defect; namely, it is rumored that since this appointment was first announced, there has been some decline in the quality of his golf game, particularly when playing with certain members of this committee.

It is rumored that, upon confirmation, his game will once again improve. [Laughter.]

That is purely rumor.

Chairman NUNN. When and if confirmed, that may be true. [Laughter.]

Senator WILSON. But it is a great pleasure for me, because he is a personal friend to whom I have looked, not only in terms of turning to RAND for their special expertise in a number of areas.

As I say, he brings not only the habit of acute analysis, but also a great deal of imagination. I think he is a wise counselor, and I am delighted to have the privilege of assisting to introduce him today with my colleague, Alan Cranston.

Chairman NUNN. Thank you very much, Senator Wilson.

Dr. Rice, you may want to demand a vote right now, after that introduction.

That was much appreciated, I am sure. Senator Wilson, we appreciate your giving those words of introduction.

Senator Warner, I intended to call on you, but you just stepped out, so I recognize you now for any preliminary comments.

Senator WARNER. I will just ask to put my statement in the record, because our two colleagues from California and yourself have said everything that can be said.

I would just say, it is nice to be back working with you again, good friend. We paralleled one another in the Department of Defense.

And as I look at your lovely wife, I urge you to take this job as you will, seriously, of course, but not too seriously, and remember, all these decisions after 7 o'clock are reversed the next morning. [Laughter.]

Chairman NUNN. That might have been unique to you, Senator Warner. [Laughter.]

Senator WARNER. I know that you are getting tired of hearing me saying this all the time. Little has changed.

I think that I could only say that at long last, the Oracle of Delphi has come to roost in the Department of Defense. Good luck.

[The prepared statement of Senator Warner follows:]

PREPARED STATEMENT OF SENATOR JOHN WARNER

Mr. Chairman, I join with you in welcoming Don Rice before the committee. The President is to be congratulated for his excellent nomination of Don Rice to be Secretary of the Air Force.

Don Rice will bring outstanding experience, both in the government and in the non-profit public sectors, to the Office of the Secretary of the Air Force. His experience during the past 17 years as President and Chief Executive Officer of the RAND Corporation makes him intimately knowledgeable of the challenges facing the Air Force in the 1990's. His service in the Army, his teaching at the Naval Postgraduate School, his service in OSD and at OMB, his service on a number of nationally oriented commissions and panels, and his corporate directorship experience combine with his work at RAND to make Don Rice one of the most experienced and knowledgeable officials in our government today.

Don, I congratulate you on your nomination and look forward to continuing to work with you through the years.

Chairman NUNN. Senator Thurmond has a prepared statement that he wishes inserted in the record.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman, I join you in welcoming Dr. Rice as the President's nominee to be the Secretary of the Air Force. I also want to congratulate you for the timely manner you and this committee are considering these critical nominations.

Dr. Rice, I want to thank you for taking the time from your busy schedule to meet with me last Wednesday. As I told you then, I believe your background in both Government and industry will be important in your duties as the Secretary of the Air Force. The President and Secretary Cheney obviously concur in my assessment of your abilities and have placed great trust in you by nominating you for this position. I agree with their choice and will support your nomination.

Mr. Chairman, I want to stress to this committee and all the people here this morning, that Dr. Rice and many of the nominees that we see before this committee are making personal sacrifices in accepting these positions. I think it speaks highly of the nominees and our Nation that we have people of this caliber.

Thank you, Mr. Chairman.

Chairman NUNN. Senator Exon, do you or Senator Shelby have any preliminary comments?

Senator EXON. I have no preliminary comments.

I think there has been enough editorial comment, but I am looking forward to the statement of the witness, and then I will have a question or two, Mr. Chairman.

Chairman NUNN. Senator Shelby.

Senator SHELBY. Mr. Chairman, I have no comments.

I have one question.

Chairman NUNN. Thank you.

Dr. Rice, we welcome any opening comments you would like to make this morning.

STATEMENT OF DONALD B. RICE, SECRETARY-DESIGNATE, U.S. AIR FORCE

Dr. RICE. Thank you, Mr. Chairman, Senator Warner, members of the committee.

Let me first say a word of special thanks to Senator Cranston and Senator Wilson for their willingness to take time from their busy schedules to appear here today, and for their good words on my behalf.

It is indeed an honor to appear before you today as the President's nominee to be the Secretary of the Air Force.

I look forward, if confirmed, to serving President Bush and Secretary Cheney, and to the opportunity to serve our great Nation.

It is a high privilege to lead the youngest of the services in meeting the challenges and opportunities that the Air Force will encounter as we enter the last decade of the 20th century.

I view my primary function as one of assisting the Secretary and the Deputy Secretary of Defense in the difficult process of resource allocation and force structure decisions, along with developing and implementing policies and programs within the Department of the Air Force, in accordance with our national security objectives.

Our Air Force today is in good health, but improvements can certainly be made. I think all will agree that today, both the international climate and new technology are stretching the edge of the envelope, amplifying the challenges that we face, forcing us to set priorities.

Recruitment and retention of quality people will remain a top priority. The incentive and compensation programs within the military must keep pace with outside opportunities if we hope to continue to keep attracting these fine people. And along with people, we must maintain a strong emphasis on modernization and readiness.

I share Secretary Cheney's aversion to hollow forces, and his commitment to retaining only those force levels that can be provided adequate readiness and sustainability support.

Hard decisions must and will be made to ensure these ingredients are fundamental elements of the Air Force agenda.

My personal approach to this situation has not changed in the least during the 10 years since I conducted the Defense Resource Management Study. The United States cannot afford to buy less defense capability than it needs; neither should it pay more than necessary for that level of capability that it chooses to buy.

A better deal for the taxpayers should be our watchword. Obviously, many of the difficult decisions will fall squarely on the shoulder of Congress, and in that regard, echoing the words of Secretary Cheney, I ask that you support stability, not ups and downs in defense funding. Help us to implement a biennial budget, and adopt sound practices such as multi-year procurement and production at economic rates.

And I pledge my participation in a relationship of cooperation between the executive and legislation branches of our government.

Mr. Chairman, if confirmed to serve as Secretary of the Air Force, I expect to emphasize excellence in all areas, to instill a sense of public service and foster pride of service to the United States and to the Air Force.

I want the Air Force to be known as the best at fighting, managing and serving.

Our overall goal will be to leave the Air Force a better institution than we found it—more closely coupled to national security strategies, more effective in military capabilities, more efficient in the use of resources, and more responsive to the needs of its people.

Mr. Chairman, that concludes my opening statement. I am ready to respond to any questions or concerns you or the committee may have for me.

Thank you very much.

Chairman NUNN. Thank you, Dr. Rice.

I have a few questions, and I know there are some other members who will be asking questions, although I must say at the beginning, the less interest one has displayed in his nominations, the better off one is, in this committee and in others.

That is the standing rule in Capitol Hill. That means that everybody is already familiar with your qualifications, and you are not a controversial nominee.

We are very interested in the whole question of the Service Acquisition Executive, and how that is going to work out in the Department of Defense.

A general question: what do you believe is in order, if anything, in the way you would organize your own key personnel in the Office of Air Force Secretary, and particularly, how do you envision the role of the Service Acquisition Executive?

Dr. RICE. The Service Acquisition Executive, as you know, Mr. Chairman, will be that official in the Office of the Secretary of the Air Force that has the delegated responsibility for the acquisition area, and for the conduct of approved acquisition programs.

In that sense, that role will parallel, within the Air Force, the role of the Under Secretary for Acquisition in the Office of the Secretary of Defense.

Our current plan is to have the Assistant Secretary play that role in the Air Force. That will give us an official to work this area who will be dedicated full-time to this responsibility, and not have it be shared with various other duties and responsibilities.

On the subject of the responsibilities of that official, it seems to me it is quite clear that the Under Secretary for Acquisition in the Office of the Secretary and the Acquisition Executive within the services, as the first two layers of what is now a relatively short, four-layer chain of management, for our acquisition programs, have the delegated responsibility for the conduct of acquisition programs.

And it seems to me that that responsibility is clear in the law, and will be clear in the way that we will organize within the Air Force. And I certainly expect that in the Office of the Secretary of Defense as well.

Chairman NUNN. Not in terms of whom you have selected, if anyone, but have you made progress in your own mind, if you are confirmed, as to the people who will fill these key slots under you, and if so, what would be your time frame for trying to fill these slots, assuming you are confirmed?

Dr. Rice. We have made some progress on identifying people for these key slots.

As you know, Mr. Chairman, they are for me to recommend and for Secretary Cheney to recommend to the President, because they are Presidential appointments.

Chairman Nunn. Right.

Dr. Rice. But we have made good progress on the Under Secretary position, on the acquisition position, and on one of the Assistant Secretary positions, so far, and I think that I can assure you that these individuals who will be involved, as well as those we will find for the other positions, will be people of high professional quality and with the kind of experience and background that is appropriate for those roles.

I am very cognizant of your and this committee's interest in that matter, and certainly share it with you.

Chairman Nunn. Dr. Rice, you have chaired the Defense Management Review study, and, of course, you have looked into the procurement of weapons systems over the years in your capacity as head of RAND.

We in the Government purchase sufficient production capacity to manufacture 144 F-15's a year. This year's budget request, I believe, is 36.

We purchase production capacity for 256 F-16's, and instead we are buying 150. The Air Force now is planning to buy 28 C-17 transports a year—that is what we have really provided for in terms of manufacturing capability, even though most people agree that we will never be able to afford to buy that number.

Based on your experience, what goes wrong, to get us in the situation where we plan for so many and pay for so much in production capability, and then end up, in almost every weapon system, coming down dramatically in terms of the ones that we can afford to procure, and then end up paying much more per unit? What can be done about that?

Dr. Rice. In my experience, there are several ways in which the problem has to be attacked.

Behind your question, of course, is the interest in being able to produce at economic production rates, because we get the lowest cost per unit that way, and that most assuredly ought to be our objective.

It seems to me that we get into the kind of circumstances that you have described, partly by being too optimistic at the total budget level, in looking to the out years. We get there partly by underestimating the cost of individual systems, and thereby also assuming that we will be able to buy larger quantities than it turns out that we are able to do when they come on line.

But I think there is another important area that has to be examined. My sense is that not enough attention has been paid early in these programs to the question of what should be the level of production capacity in which we make that initial investment. And so, those who have more optimistic views of the numbers that we will eventually be able to purchase tend to drive that decision.

My sense is that we have overfacilitized ourselves, if that is a term. And that one of the ways to get control of this is to make sure, much earlier in the life of these programs, that the size of the production capacity that we invest in to begin with is examined with greater care, and set at more appropriate levels, so that we do not end up in a situation of having built a facility and circumstances as you described for many more units than we are actually able to afford to produce when the time comes.

Chairman NUNN. I assume that you will get involved in that at your level, in terms of new systems?

Dr. RICE. Yes, sir.

Chairman NUNN. Senator Wilson, we recognize you next.

Senator WILSON. Thank you, Mr. Chairman.

I gather that we are not going to be able to vote today. We are probably going to have to vote on the floor.

Chairman NUNN. We are not going to be able to do it this morning. We have lost a quorum, but we will take a look at all the paperwork requirements and the FBI report and so forth, and vote as soon as we get all that in order.

Senator WILSON. I have only one question, really, and it probably needs to be for the record.

Dr. Rice is inheriting a problem that relates to the California National Guard, and it has to do with both the Airlift Wing out there, the 146th and the 163rd Tactical Wing, which has been assigned by decision of the National Guard Bureau as replacement aircraft for the A-10.

I will be happy to submit this for the record. I doubt that he has had an opportunity to become acquainted with it yet, but I would include with it a letter to Secretary McGovern that explains the background.

Chairman NUNN. Without objection that will be part of the record, now.

We may have several questions for the record. We will try to minimize them and avoid duplications, but we would like to get those back as soon as possible.

[The material referred to follows the hearing record.]

Senator WILSON. Mr. Chairman, with your indulgence and that of our distinguished nominee, I would ask to be excused at this point.

Chairman NUNN. Thank you very much, Senator Wilson.

Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

Thank you, Senator Wilson and Senator Cranston, for coming here to introduce the nominee.

Dr. Rice, I am very pleasantly struck with your background, your qualifications, and I enthusiastically support your nomination.

We had a discussion in here this morning with General Herres, among others, with regard to the matter of where we are going to get the money to pay for all the systems we have coming down the pike.

We discussed at some length the Small ICBM vis-a-vis the rail-garrison MX. We discussed the "high cost" of the B-2 system, which is particularly important during these times of high budget crunch.

We did not get into the strategic defense initiative at all this morning, but we have on other occasions.

I have just mentioned a few of the matters that face the subcommittee that I chair, and eventually this committee when we come up with our authorization plans.

I know full well what the President has said with regard to the issue of Small ICBM and the rail-garrison MX. I for one happen to feel that it would be nice to have both but I do not see how we can afford both. It always seemed to me that if we could spend $5 billion to have 50 of the present silo-based missiles on more survivable rail cars, it would be a significant step in the right direction. We could then move along as best we can for the necessary funding for the Small ICBM in the future.

Sooner or later you are going to have to deal with these issues. I am wondering if you can recommend funding levels for ICBM modernization first, and the Strategic Defense Initiative second.

Dr. RICE. Senator Exon, those issues that you have touched on are indeed some of the most difficult issues facing the Air Force, and, of course, facing the Department of Defense as a whole.

Let me try to just say a few words by way of background, because you asked in some sense where would I be coming from.

I would suggest that the principal criterion that we ought to keep our eye on, in thinking about the choices in these kinds of systems, is the fundamentals of strategic stability.

It is a concern about keeping the strategic balance as stable as possible, and in fact enhancing that stability, that it seems to me leads us to the idea, after many, many years, and uncountable numbers of studies on the subject of the survivability of the ICBM force, of introducing mobility into that force.

I certainly agree that the Peacekeeper Rail Mobile is a clear step in the positive direction from the stability point of view, as compared to having those missiles in silos, as they are today.

You have heard, I know, in this committee and elsewhere, the arguments and discussions about the relative value of systems that rely on strategic warnings, versus those that can get along with only tactical warning. The Small ICBM introduces yet another measure of survivability into the land-based missile force. It does it in a way that does not depend on strategic warning.

I certainly do not mean to suggest that the dependence on strategic warning is a difficult problem, or an insurmountable problem at all for the Peacekeeper, but nonetheless, it is an element of that program.

So it seems to me that both of these programs are clearly heading us in the right direction from the point of view of stability and the strategic balance.

The Small ICBM also, as I am sure you are aware, brings along the qualities not only of making it much more difficult to attack, because of mobility, but with one or perhaps two warheads on it, it is a much less lucrative target, and therefore from that point of view presumably would assist stability by reducing incentives for attack in a deep crisis.

So, these systems move us in the right direction, and that gets us then to the affordability question, which of course is what everyone is seized with now.

I have not had a chance yet to look into the details of the Air Force budget to the point of being confident about a judgment, one way or the other, about the affordability of two systems versus only one.

I do think that it should be possible, and I hope it can be possible, and I would certainly intend to work to try to make it possible, to try to be able to afford both of those systems. Obviously, how they are phased will be important, but also it seems to me that it is important that some amount of funding that represents real commitment to the program can be available to the Small ICBM in the relatively near-term years.

Whether the amount that has been earmarked for it at this point in the budget is adequate for that standard, I frankly am not yet prepared to say. But it is something that we need to look at very hard, and I look forward to working with you and the other members of the committee on that subject.

Senator EXON. Thank you, Dr. Rice.

One last question, Mr. Chairman.

Dr. Lawrence Korb of the Brookings Institute came out with a report the other day. I have not had a chance to look it over, but the press advises me that among other things, he is a strong supporter of the Small ICBM.

But he supposedly pointed out in his report that the Small ICBM would not have the accuracy and hard-target kill potential of the MX missile. Is that your understanding of the proposition also?

Dr. RICE. No, Senator, not quite that way.

I think the issue of exactly what accuracy can be expected to be achieved by the Small ICBM system—that is certainly a subject deserving of further study.

But my understanding is that the intention is to have that system have sufficient accuracy to have hard target kill capability, at least for some reasonable range of the set of hard targets that are of concern.

Senator EXON. That was my understanding of it, and I was quite surprised at what at least I was told was his version of it. If so, that raises another question about the costs involved in the program.

I look forward to supporting you and working with you, Dr. Rice.

Thank you very much, and thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon.

Dr. Rice, I just have one other question. I have a number of them that I would like to ask, but we are running out of time this morning, and everyone has other meetings that they have to go to, including the chairman and, I know, Senator Exon.

For over 10 years, we have heard the promise of standoff munitions, and yet if war was to start tomorrow, most Air Force pilots, for most of their flights, would have to fly right over heavily defended targets to drop Korean war-vintage dumb bombs.

First, do you agree with that assessment, and second, is this a priority in your own thinking, in terms of giving the Air Force with existing platforms more standoff capability with upgraded munitions?

Dr. RICE. Mr. Chairman, I am not sure how to answer you on the question of whether my understanding is the way you worded it, that most would. I think it depends on the scenario and the number of sorties that need to be flown and the classes of targets we are talking about.

There do exist stocks today of munitions that allow some standoff delivery, but I very much agree with what I think is your underlying point, that our stocks of those class systems are not adequate—certainly not adequate for a NATO contingency.

And this is very much a subject of concern to me. I think that it probably is a fair criticism that, over time, emphasis tends to get placed on platforms, and perhaps not quite as much emphasis as there ought to be gets placed on improving the quality of the sensors and munitions, which make those platforms really effective to perform the military missions for which we keep them in the force structure to begin with.

And that is an area that I certainly intend to pay attention to.

Chairman NUNN. Thank you, Dr. Rice.

Senator Exon, do you have any other questions?

Senator EXON. I intended to put in a question about the B-2. Where do you see the B-2 fitting into the overall system and do you agree with my conclusion, having followed this for a long, long time, that if we can get the B-2 to fly, it would probably do as much as anything else to confound the Soviet defense planner.

Dr. RICE. Senator, I think the B-2 is correctly a very high priority of the Department, because it is the chosen instrument to ensure that the bomber force can continue to penetrate Soviet air defenses well into the next century.

And I certainly do believe that a mix of penetrating bombers and cruise missiles greatly confounds the problem of the Soviet planner, the Soviet air defender, and makes their job much more difficult than it would be if they had to confront only one or the other of those, and so I certainly support maintaining the capability in the bomber force for bombers to penetrate Soviet air defenses, as well as for cruise missiles or the standoff weapons to penetrate Soviet air defenses.

And in that context, it seems to me the B-2 deserves a very high priority. I certainly recognize that it has gotten to be a very costly program, and there have been some delays in its development schedule, some of them clearly associated with conscious changes that were made in the program. But I do not frankly know at this point whether that accounts for all of the shift.

In any event, it is important that the program go into its flight test phase, and that we make certain that good acquisition management practices continue to be followed in that program, that it is properly and thoroughly tested, and that we have the results of that test, and any opportunity that is necessary to incorporate findings from those tests into the program before we make a commitment to high-rate production of the system. And in any event, it seems to me we are likely to know quite a lot more in a relatively short amount of time on the B-2 because, as you know, the flight test program has not yet started.

Senator EXON. Thank you, Dr. Rice.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon.

Dr. Rice, we appreciate you being here this morning, and I hope we can expedite this matter.

We look forward to working with you in your important new capacity. You have all sorts of tough decisions to be made over there, but you certainly have the background and experience to cope with them. We are pleased that you have been nominated by the President.

So, we thank you for being here this morning. We look forward to working with you, and we particularly are pleased to have been able to welcome your family here today. Glad to have them.

Dr. RICE. Thank you, Mr. Chairman. I look forward to working with you and the committee on all of the problems we have to work together.

Chairman NUNN. Thank you very much.

[Whereupon, at 12:50 p.m., the committee was adjourned.]

[Prepared questions submitted to Secretary-designate Donald Rice by Senator Nunn prior to the hearing with answers supplied follow:]

DONALD B. RICE,
Santa Monica, CA, May 11, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of May 4, 1989 and the opportunity to share my views on a number of important defense policy and management issues. Answers to specific questions are provided at the enclosure.

I look forward to appearing before you and the Committee on Armed Services in the near future. If I can be of any further assistance, please do not hesitate to contact me directly.

Sincerely,

DONALD B. RICE.

Enclosure.

MOST SERIOUS PROBLEM

Question 1. Given your extensive experience in the area of national defense and close working relationship with the Air Force, what do you consider to be the most serious problems in the management and operation of the Department of the Air Force? What management activities and timetables would you establish to address these problems?

Answer. Any top management responsibility must pay priority attention to personnel as the key ingredient of quality performance. My first priority will be to assist the Secretary of Defense and the President in assembling a topnotch civilian team for the Office of the Secretary of the Air Force. We will work also, over time, to assure that the most highly qualified officers and civilians move into the key positions throughout the Air Force.

My operating priorities will closely parallel the management priorities of the President and Secretary Cheney. Special emphasis will be given to implementation of the Goldwater-Nichols Act, the recommendations of the Packard Commission, and the results of the Defense Management Review.

Improved procurement, a close look at the planning and budgeting process in the Air Force, reinstitution and reinvigoration of the Assistant Secretary for Financial Management, and a top-to-bottom management review with an eye on opportunities to streamline operations will all receive early attention. At the same time, we must secure adequate resources to do the job.

I expect to emphasize excellence in all areas, to instill a sense of public service and foster pride of service to the United States and to the Air Force. I want the Air Force to be known as the best at fighting, managing, and serving.

Our overall goal will be to leave the Air Force a better institution than we found it—more closely coupled to national security strategies, more effective in military capabilities, more efficient in the use of resources, and more responsive to the needs of its people.

RESPONSIBILITIES TO THE SECRETARY OF DEFENSE

Question 2. Should you be confirmed as Secretary of the Air Force, what would you view as your principal responsibilities to the Secretary of Defense?

Answer. The responsibilities of the Secretary of the Air Force are set forth in section 8013 of title 10 of the U.S. Code. I would view my primary function as one of assisting the Secretary and Deputy Secretary of Defense in the difficult process of resource allocation and force structure decisions, and to develop and implement policies and programs in the Department of the Air Force in accordance with the national security objectives. I would serve as an integral part of Secretary Cheney's team, contributing as appropriate to many of the issues he faces, and to provide strong leadership, motivation, and guidance to the military and civilian professionals in the Department of the Air Force.

DEFENSE REFORMS

Question 3. Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low intensity conflict reforms? What leadership role would you play in the full and timely implementation of these reforms? What do you understand to be the role of the Secretary of the Air Force to be under the Goldwater-Nichols Act relative to the unified and specified combatant commands?

Answer. I fully support the mandated 1986 defense reforms, and, if confirmed, I will comply with the letter and spirit of all statutes relating to DoD organizational matters, including those which relate to special operations and low intensity conflict. I would intend to ensure strong civilian leadership within the Air Force. With respect to the role of the Secretary of the Air Force relative to the unified and specified commands, I understand that the Secretary is responsible for system acquisition and the manning, equipping, and training of Air Force components assigned to unified and specified combatant commands, and that the Secretary is charged with carrying out these responsibilities "so as to fulfill (to the maximum extent practicable) the current and future operational requirements of the unified and specified combatant commands."

RELATIONSHIPS TO THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Question 4. In your view, what should be the relationships of the Secretary of the Air Force and his acquisition subordinates to the Under Secretary of Defense for Acquisition? Do you fully support the duties and authorities prescribed in law for the Under Secretary for Acquisition?

Answer. I fully support the duties and authorities prescribed in law for the Under Secretary of Defense for Acquisition. The relationships among the Under Secretary for Acquisition, the heads of the military departments, and the Service acquisition executives were described in some detail by Secretary Cheney and Deputy Secretary Atwood in their hearings. It is clear that the USD(A) has responsibility and authority over the conduct of approved acquisition programs.

ACQUISITION REFORMS

Question 5. As Director of the Defense Management Resources Study, you extensively evaluated the acquisition system. What is your assessment of the Packard Commission recommendations, and how would you assess the progress in implementing the acquisition reforms recommended by the Packard Commission or mandated in law? What do you consider to be the most serious problems in the defense acquisition process? Do you believe that there is a need to streamline the defense acquisition bureaucracy? What opportunities for streamlining the bureaucracy in the Department of the Air Force would you intend to pursue?

Answer. I support the major recommendations of the Packard Commission, and I believe the DOD has made substantial progress toward the goals outlined in the Packard Commission Report. For example, the Air Force has already:

—Created an Acquisition Executive System comprised of a Service Acquisition Executive, a level of Program Executive Officers, and Program Managers. This has established short, direct lines of authority, communications, and accountability. The culture is changing; ongoing management attention will assure that the process of change is completed.

—Moved to discipline the process for initiating new starts in an effort to implement the recommendations to improve upfront planning for programs.

However, major issues affecting all DOD acquisition remain to be addressed, including:

—The disciplined adherence to best acquisition management practices at each stage of the development and procurement process. This includes formulating requirements in terms of military capabilities, leaving the engineers to design the technical specifications; demonstrating new technologies and capabilities in hardware, often involving prototypes and other risk reducing efforts, before full-scale engineering development, ensuring competition either within the program or between programs contributing to the same mission; providing for sufficient development effort or critical subsystems to ensure they meet reliability as well as peformance goals; ensuring adequate and realistic testing, including feedback of the results into the development effort, before committing to high rate production; using commercially available or other off-the-shelf components whenever they will do the job at lower cost; emphasizing upgrades of existing systems, both as competition for new systems and as affordable means of force modernization.

—The absence of program stability and a failure to gain national consensus on major programs. Funding instability in major programs causes inefficiency due to changes in production rates and program stretchouts. There is a need for more Milestone Funding Authorization and Multi-Year procurement where possible.

—The need to rationalize and consolidate oversight functions. Today there are plant representatives and others from many different organizations auditing and reviewing major programs. Unnecessary redundancies add to costs.

—The need to continue to attract highly qualified people. Many factors, ranging from pay to post-employment restrictions are making it more difficult to attract and retain quality people.

—The health and future of the defense industrial base, which is so important to effective competition in defense acquisition and to the overall competitiveness of the U.S. economy.

—The need for the industrial sector to perform and be held accountable for product performance on schedule and at an agreed price.

I have not yet reached final conclusions on streamlining of the defense acquisition organization, but I would intend to examine that issue closely if confirmed to serve as Secretary of the Air Force.

LACK OF PLANNING

Question 6. The Final Report of the Defense Resource Management Study, under a section heading of "Lack of Planning," contains the following statement: "There is broad agreement that the first "P" in PPBS is silent." In your view, has this situation changed in the 10 years since that report was written?

Answer. I have not studied the issue in depth since the DRMS in 1978. The President's strategy review should set a framework for improved planning in the departments involved in national security. In addition, I expect that one result of the President's management review will be new mechanisms and procedures expressly intended to strengthen defense planning. I look forward, if confirmed, to becoming a full participant in that process.

OVERALL GOALS FOR THE AIR FORCE

Question 7. In the early years of the Reagan Administration, the Air Force established several major force objectives, including modernization of both its strategic ballistic missiles and bombers, 66 million ton mile capacity in its airlift fleet, and 44 tactical fighter wings. As you survey the budget resources likely to be available to the Air Force consistent with the President's budget, what overall force goals would you establish for the Department of the Air Force?

Answer. Since the results of the strategy review are not yet available and I have not had the opportunity to review the Air Force budget, programs and organizations in detail, I cannot lay out specific force goals at this time. Moreover, the recruitment and retention of quality people will be a top priority and may be a constraint on some force structure options.

Several force objectives can be described in general terms:

—Strategic modernization, including the enhancement of strategic stability through increased survivability of our land-based missiles, the successful development and deployment of new capabilities for sustaining the ability of the bomber force to penetrate Soviet defenses, and continuing C^3I improvements that will maintain assured control of nuclear forces by the National Command Authority.

—Tactical force level goals set several years ago are unachievable at current budget levels. Our goals should be an appropriate balance among that level of tactical fighter wings which can be given adequate readiness and sustainability support, affordable qualitative improvements in warfighting capability based on better weapons and sensors, and longer term modernization based on new generations of systems.

—Airlift capability remains critical to deployment in some theaters and reinforcement of forward based units in others. Most CINCs testify that current capabilities are inadequate.

—Space-based capabilities are essential to all other military missions and space power is becoming a meaningful part of the long used term, aerospace power. Our needs in this domain are growing and not yet fully understood.

The extent to which these goals can be attained in the very constrained budget environment we face today will depend not just on funding levels available but also on our ability to identify and eliminate lower priority claims on the Air Force budget, as well as on the priorities set by the President and the Secretary of Defense.

ACTIVE/RESERVE FORCE MIX

Question 8. Last year, the Congress directed the Secretary of Defense to examine alternatives for shifting more of the flying burden from active Air Force units to reserve units. This grew out of concerns for the rising problem of pilot retention and the realization that reserve flying units have proven extremely successful. The Department responded with a short letter indicating no further assessment was justified. In light of the fact that budget resources could contract further in future years, do you judge the current active/reserve force mix as optimal? Are you prepared to reassess the current mix?

Answer. The Air Force has, over time, achieved a highly effective balance between active and reserve components. Nevertheless, the system is dynamic and should be continually examined for potential adjustments. Adjustments in either direction may be required based on:

—Operational requirements including forward basing of forces, the operational flexibility required to meet contingencies short of mobilizing reserve forces, and mission capabilities.

—Peacetime activity levels that may make some missions more or less compatible with the citizen-soldier concept of reserve forces.

—Geographic placement of units to ensure an adequate recruiting base and proximity to training areas.

—Need to maintain adequate active force experience base to fill active/reserve staff overhead and to provide experience levels required by reserve forces.

—Cost effectiveness also matters. Missions transferred to the reserve forces are potentially less costly, but reserve forces are usually less capable.

—The objective should be to provide the nation the most capable Total Force within current and foreseeable budget levels.

COORDINATION OF ARMS CONTROL AND MODERNIZATION POLICIES

Question 9. The Administration has pursued contradictory policies in terms of its arms control position to outlaw mobile missiles and its modernization policies to pursue rail mobile MX and Small ICBMs. What would you recommend to the Secretary of Defense as a coordination of our arms control and strategic missile modernization policies?

Answer. Effective coordination of arms control, verification, and force modernization policies is essential.

In the strategic nuclear area, increased stability is the paramount criterion and both arms reduction and modernization proposals should be related to that goal. We must also ensure that the effects on essential conventional force capabilities of agreements to limit or reduce nuclear arms are understood and judged acceptable.

In the conventional forces arena, many alternative mixes of force reductions and capability enhancements could lead to a more stable balance. Confidence building measures could buttress such an outcome. All have to be kept carefully coordinated.

In general, force modernization and arms reductions must be coordinated as we pursue progress toward a conventional balance and the achievement of a balance in remaining nuclear forces.

READINESS AND SUSTAINABILITY OF AIR FORCE FORCES

Question 10. Last year, General Hansen, the Commander in Chief of the Air Force Logistics Command, testified that while the current readiness status was good, "we are losing ground in all areas of sustainability. And, of course, that is what is required in any conflict that we may have. Basically, as I look into the future, I portray the United States Air Force as a peacetime Air Force, as opposed to a warfighting Air Force with the capability to sustain itself." This year's budget request reduces further procurement of key missiles and space parts. What is your assessment of the future warfighting posture of the Air Force?

Answer. The best I can do at this point is assure the Committee that I share Secretary Cheney's aversion to hollow forces and his commitment to retaining only those force levels that can be provided adequate readiness and sustainability support.

I am advised that spares funding actually increases by $540 million from fiscal year 1989 to fiscal year 1990 in the Air Force budget, that the FY90 budget increases the percent of sorties that can be loaded with the preferred munitions for their targets, and that the FY91 program contains large increases in munitions funding as two new weapons are expected to be ready for production. I have not had the opportunity to review the overall adequacy of these program levels.

SPECIAL OPERATIONS FORCES

Question 11. Historically, the Air Force has devoted lower priority to investment programs for special operations forces. The average age of the aircraft are consistently older than the average for combat aircraft in the Air Force, and readiness rates have been consistently lower for special operations forces compared to tactical fighter squadrons, for example. What priority would you devote to modernizing the airlift capabilities of special operations forces? What priority would you assign those units in terms of ongoing operations and maintenance?

Answer. Air Force special operations forces (SOF) have received increased funding and manpower in the 1980s. SOF continues to receive high priority in the fiscal year 1990 Air Force budget. If confirmed, I will ensure that the Air Force fully supports USSOCOM in its new budgeting responsibilities for SOF to ensure that the Command has the necessary information to make informed decisions in the planning, programming, and budgeting arena.

STRATEGIC BOMBER MODERNIZATON

Question 12. In light of the troubles with the B-1 bomber, how important is the B-2 bomber in the overall strategic modernization of our bomber forces and what is your assessment of the impact of the procurement delay proposed in the budget amendment?

Answer. Strategic bomber modernization is one component of overall strategic modernization. The air breathing leg of the triad must be able to survive an attack and survive against Soviet air defenses to perform its assured retaliation role. A mix of penetrating bombers and cruise missiles makes the job much tougher for Soviet air defenses than would either one alone.

In this context, the B-1B was deployed to provide a nearer term improvement in capability to penetrate Soviet airspace. The B-2, based on a revolutionary design, is intended to assure penetration well into the next century. Its low observable features will further compound Soviet defensive problems.

The slip in projected availability of the B-2 will have a significant effect, but it was a step that had to be taken for reasons of sound acquisition management practice, given a lengthened development period.

The B-2 remains a high priority because the capabilities it is intended to provide are essential. However, the program must be reviewed with great care to ensure that costs are under control and the technical promise will be fulfilled.

CFE TALKS AND TACTICAL AIRCRAFT IN EUROPE

Question 13. In your capacity as President of the RAND Corporation, you have supervised many analytic assessments of the prospect of alternative forms of conventional arms reductions in Europe. Based on your assessment, what concessions from the Warsaw Treaty countries would you feel would be required to justify including reductions of NATO's tactical combat aircraft?

Answer. The most important criteria for judging conventional arms control options must also be increased stability. The massive Warsaw Pact superiority in ground forces is the main destabilizing factor. For the side defending against superior ground forces, those systems which allow the defending commander to apply firepower flexibility across the front wherever a breakthrough is threatened or imminent are demonstrably more important to the defense than to the offense. Tactical aircraft provide such flexible firepower though many improvements in weapons and sensors are required to make them more effective. They are more important to the defense and, therefore, are stabilizing. For these reasons, the NATO position that tactical aircraft should be addressed later is a substantively sound one.

I would add that it is unfortunate that much of the debate on this matter has been conducted on Soviet terms. Our tactical aircraft, while very capable, cannot completely offset the destabilizing nature of Soviet ground forces, despite Soviet claims. Moreover, we do not have more combat aircraft—they do. And we must remember that essentially all combat aircraft, even those designed for air defense, can be rigged to deliver munitions—indeed many Soviet aircraft models have been dual capable. Once sufficient progress is made on the ground force problem, discussions on total combat aircraft on the two sides may be appropriate at some future point.

IMPLEMENTING FOFA AND "COMPETITIVE STRATEGIES"

Question 14. The United States has made the Follow-On Forces Attack strategy the keystone of its conventional defense strategy in Western Europe. In addition, President Bush, last year, emphasized the importance of "competitive strategies," as a guide for conventional force planning. If confirmed, what decisions would you make to support current U.S. strategy in NATO and to implement the President's plans for "competitive strategies?"

Answer. "Competitive Strategies" is a valuable conceptual approach to focus thinking on the weaknesses of an adversary and ways to leverage them with our own inherent strengths. It also causes us to think about ways that new capabilities could severely undercut long-standing and costly strengths of the adversary. New capabilities and leverage could come from new systems, or better ways of using existing assets, or combinations of the two.

There are many ways that Air Force programs and operations can contribute to this approach, including:

—Continued development of stealth capabilities that use our technological strength for leverage
—Munitions for killing multiple combat vehicles per sortie
—Air operations able to respond much more rapidly to the needs of ground commanders
—Night and all-weather capabilities that would deny Warsaw Pact plans to move forces forward at night or under heavy cloud cover
—Air base survivability efforts to deny the Pact an easy score
—Target acquisition and communication capabilities that detect massing forces and imminent breakthroughs and allow weapons to be delivered effectively against them

I would expect to study those and other approaches in depth to help arrive at the best possible Air Force contributions to the overall effort to enhance NATO's conventional defense posture.

DRUG INTERDICTION

Question 15. Last year, Congress directed the Department of Defense to serve as the lead agency in the detection and monitoring of air and sea traffic involved in drug smuggling. The Congress also directed the Department to take the lead in establishing a command, control, and communications network to aid in the drug interdiction effort. In your view, how can the Air Force best assist in these activities?

Answer. I am advised that the Air Force is supporting anti-drug operations on many fronts. The Commander, Tactical Air Command, resource manager for tactical resources, has substantially increased sustained AWACS detection and monitoring efforts.

Since December, 1986, the Air Force has deployed a ground tactical radar and personnel to the Dominican Republic, continuously monitoring a critical gap in the Caribbean. Additional deployments of ground radars are planned.

CINCNORAD has established command and control procedures for short-notice reaction to intelligence tips and will use alert fighters to monitor suspect aircraft when required.

The Air Force has two aerostat balloon radars located in Florida. These balloons provide radar data to the Sector Operations Control Center at Tyndall AFB, FL and the U.S. Customs C^3I facility at Miami. The Air Force manages and funds contracts for building and installing additional aerostat balloon radars used for law enforcement, and also provides technical assistance to these agencies for operation and maintenance of their balloons.

The Air Force is assisting the ASD/C^3I and the Joint Staff in creating an effective command, control and communications network. The goal of this effort is to integrate existing communications facilities and equipment. CINCNORAD's C^3I system is operational and connectivity links between the Sector Operations Control Centers, law enforcement C^3I facilities and Joint Task Force (JTF) operations/intelligence facilities are being established.

I have not had an opportunity to review these activities. If confirmed, I will ensure that the Air Force supports the efforts of the DOD Coordinator for Drug Enforcement Support and that Air Force assets are used effectively to assist in the fight against illegal drugs.

JOINTNESS OF THE ATA AND THE ATF

Question 16. The Advanced Tactical Fighter and the Advanced Tactical Aircraft will be the United States' principle fighter and attack aircraft in the first half of the next century. Congress has directed the Navy and the Air Force to work together to develop one common aircraft for attack missions and one for air superiority missions. Is the Air Force complying with this directive? Do you support the goal of Air Force and Navy commonality with the ATA and the ATF?

Answer. I am advised that the Air Force and Navy are ensuring that the USAF's Advanced Tactical Fighter and the Navy's Advanced Tactical Aircraft are capable of cross-Service utilization and to maximize commonality.

In March 1986, the Air Force and Navy signed an MOU that established the mechanism for the Services to examine the potential for cross-Service utilization of these aircraft and to identify the design changes required to make variants suitable for the other Service. The Services are in the process of preparing an update of that MOU to reaffirm the commitment to cross-Service utilization of the ATF and ATA.

The 1987 Defense Authorization Act required the Services to certify that the requirements for the ATF and ATA have been agreed to and that the design selected for each aircraft will accommodate the essential requirements of the other Service. The 1988 Defense Authorization Act required the Navy and SECDEF to certify that the ATF designs are capable of accommodating Navy carrier-suitability requirements and that a major source selection criteria for ATF FSD and production will be the extent to which the contractor proposals for a Navy variant meet the Navy's needs. The 1989 Defense Authorization Act required SECDEF to certify that each Service has budgeted sufficient funds in FY90–94 to participate in the development efforts of the variant aircraft. Each of these certifications has been made.

I support the goal that each aircraft should serve both Services.

STRATEGIC C^3I

Question 17. Last year, Lieutenant General Scowcroft and James Woolsey suggested that "the President should at the outset require a detailed review of strategic command and control from his personal perspective." The Air Force has special responsibilities in the area of strategic command and control. Do you share this view? What priority would you devote to a review and assessment of our strategic command and control capabilities?

Answer. The strategic command and control systems which the Air Force provides for the CINCs and the NCA are there to support the national decision-making process. Air Force systems have special responsibilities regarding strategic C^3I, ranging from discerning that our nation is under strategic attack, immediately alerting the National Command Authorities and the nuclear CINCs, and successfully executing the appropriate response chosen by the President. It is vital the systems provide the President the information and capabilities he needs to make the best possible judgments and decisions under what would undoubtedly be very difficult conditions. The Air Force would support fully any reassessment called for by the President or the Secretary of Defense.

PILOT RETENTION

Question 18. The Air Force has argued in recent years that it is increasingly difficult to retain trained pilots and has proposed several alternative solutions. What is your assessment of the pilot retention problem and what alternatives would you suggest?

Answer. Air Force pilot retention is well below the needed sustainment level and expected to remain so in the absence of remedial action.

The Air Force has taken various initiatives to improve pilot retention, but forecast airline hiring trends through the turn of the century will continue to place heavy demands on the trained Air Force pilot force.

The problem is not unique to the Air Force. The US Navy, as well as most western air forces, face similar challenges. I'm told that all major industrial nations are experiencing pilot demands that outstrip supply.

Better tools are needed to deal with this problem. One essential tool is better financial incentives for staying in the military. Another approach might be to try to work out some kind of understanding with the airlines. More time in flying assignments might induce more pilots to stay in. These and other options deserve serious study and will receive my continuing attention.

[Questions submitted for the hearing record with answers supplied follow:]

Questions Submitted by Senator Sam Nunn

READINESS AND SUSTAINABILITY VERSUS FORCE STRUCTURE

Senator Nunn. Earlier this spring I asked each of the combatant commanders which they would prefer—larger forces at lower readiness levels, or smaller forces with high readiness. Every one chose smaller forces. As I understand it, the budget revisions that took place in building this year's amended budget did not extend to the outyears and detailed budget reviews are required for the years beyond fiscal year 1991. My question is do you agree with the CINCs in making the tradeoff between readiness and force structure?

Dr. Rice. I share Secretary Cheney's aversion to hollow forces. Readiness and sustainability levels should be continuously reassessed in light of changing threats and in keeping with changes in strategy. However, keeping ready is what military forces do in peacetime. So if budget cuts require it, we should opt for fewer ready forces rather than larger hollow forces.

READINESS AND SUSTAINABILITY TRADE-OFF

Senator Nunn. Last year and this year, OSD and the military services adopted a conscious policy of keeping readiness high while cutting back on sustainability. Do you think this is a wise policy? How long in your view can we continue this approach?

Dr. Rice. The decision to focus on readiness at the expense of sustainability was based on the belief that the Air Force must remain strong and ready to meet any potential threat to include potential challenges from the Third World. In an austere environment, it must be determined which of the four pillars (modernization, sustainability, readiness or force structure) can absorb reductions with minimum impact on our mission capabilities. The Air Force decided that readiness, or immediate warfighting capability, was more important to our national strategy of deterrence than sustainability. This approach seems prudent, if not carried too far. We will continue to review these assessments, as they impact on our warfighting capability, in the upcoming budget cycle.

PROCUREMENT VERSUS MODERNIZATION

Senator Nunn. The amended budget submission proposed to terminate the F-15 fighter after fiscal year 1991 and launch full scale development of the Advanced Tactical Fighter. Do you agree with the priority being placed on long term modernization and terminating existing production programs?

Dr. Rice. A number of extremely difficult decisions were required to meet fiscal year 1990 funding limits. I support the decisions reflected in the President's Budget. As we continue to confront these difficult trade-offs in the future, I will be trying to strike a balance. We must do that based on assessments of the status and premise of our longer term modernization programs, compared to the value of proven systems currently in production.

IMPORTANCE OF "JOINTNESS" IN THE AIR FORCE

Senator Nunn. A House Panel on Military Education recently found that the Air Force's higher education program at Maxwell Air Force Base does not sufficiently challenge the students or emphasize the importance of "jointness." As you know, the Goldwater-Nichols Defense Reorganization Act emphasizes the importance of jointness in officer career development. What is your assessment of the Air Force's commitment to "jointness?" How well has the Air Force integrated the goals of Goldwater-Nichols in this area into its manpower management plans and procedures?

Dr. RICE. While it is true that Representative Skelton's panel judged the curriculum at the Air War College to be more "passive" than the Panel members felt was consistent with educational rigor, the Air Force did not read it as faulting either Air War College or Air Command and Staff College for a lack of "jointness." The Chief of Staff has given "jointness" his personal support from the very beginning. His direction was to move quickly to implement, be timely and smart about how it is done, follow both the spirit and intent of the law, analyze its impact, and either make it work or document why it can't. It was General Welch who proposed that sufficient jointness be introduced into the curricula of Service staff and war colleges to qualify them as "joint PME." This was based on the premise that our officer corps could not be exposed to too much jointness.

Joint officer policies have been integrated into Air Force manpower and personnel systems. Extensive analysis of the law and its requirements build a workable joint duty assignment (JDA) list, and the capability to match and assign USAF officer resources to JDA positions. In addition, the Military Personnel Center is developing short and long-term requirements for joint specialists by specialty code, surfacing critical JDA imbalances among specialties, and completing the initial joint specialist designation process using transition waiver positions. The Air Force is supporting development of the JDA Management Information System and the Air Force should have a fully automated joint duty tracking system able to handle all major data needs by the end of this year.

The Air Force has been equally proactive in its efforts to ensure quality officers are assigned to joint duty. Using their own criteria for quality, the General Accounting Office offered these comments in their recent report entitled, "MILITARY PERSONNEL: Implementation Status of Joint Officer Personnel Policy."

"Air Force officers assigned to joint duty, although lower in some areas, generally compared favorably to both headquarters staff and the service average.

"* * * Air Force * * * joint specialists were equivalent or higher than the service average on all quality indicators.

"The Air Force was the only service to meet and even exceed the promotion targets for promotions of officers serving on the Staff to colonel/Navy captain."

Though that report also found some isolated deficiencies in all the Services that we feel were due to assignment practices that existed prior to the Act, its overall assessment was that "* * * DOD is making significant progress in implementing provisions of Title IV * * *" We believe the Air Force has made a major contribution to that progress.

QUESTIONS SUBMITTED BY SENATOR JOHN WARNER

SPACE BASED CAPABILITIES

Senator WARNER. Dr. Rice, you indicated in your answers to advance questions from the Chairman that "space based capabilities are essential to all other military missions and * * * Our needs in this domain are growing and are not yet fully understood." Can you describe these growing needs in more detail and what priority you attach to their satisfaction?

Dr. RICE. Space assets are needed to support war-fighting requirements of the unified and specified commanders in chief (CINCs) for various worldwide scenarios. These needs are reflected in the requirements for space control, a space-based wide area surveillance capability, a ballistic missile defense capability, upgraded computer systems in Cheyenne Mountain, and development of responsive launch systems.

In the area of space control, the United States must develop assured capability to carry out our essential missions in space, even in the face of adversarial actions and the capability to degrade or destroy Soviet force-enhancing satellites within timelines dictated by tactical terrestrial operations.

A space-based wide area surveillance system should be developed to meet the requirements of the CINCs. The need for this capability is driven by the Soviet atmospheric and maritime threat. A space-based radar and/or infrared system with an all weather, day or night, capability would provide long-range surveillance, tracking, targeting, and intelligence information to operational commanders, enabling them to revolutionize planning and tactics and to deny the enemy the element of surprise. Many issues of technical challenge and affordability will have to be addressed.

Ballistic missile defense offer the United States a new alternative. While today's threat is primarily from the Soviet Union, tomorrow's may come from elsewhere. While we have the ability to detect and warn of such an attack with virtually certainty, we lack the capability to engage and destroy incoming warheads.

We are upgrading the computer systems in Cheyenne Mountain as well as improving the Space Defense Operations Center and replacing elements of the Communications System Segment. These activities are critical to meeting the needs of our future space operations and missile warning requirements in peacetime, crisis, and war.

Our space launch capabilities must be made more responsive and operationally oriented rather than focusing on research and development.

These kinds of capabilities are required to fill critical shortfalls in our space capabilities. We will make every effort to meet these needs, but in the context of a balanced, total force structure.

ASAT

Senator WARNER. Admirals Crowe, Trost, and Secretary Cheney have all endorsed the deployment of an Anti-Satellite or ASAT system for primary military reasons, irrespective of whether the Soviets scrap their existing ASAT system. If an ASAT is necessary to ensure, for example, that the U.S. is able to supply Europe by sea in the event of conflict, should we not avoid negotiations on banning ASATs?

Dr. RICE. Admirals Crowe, Trost, and Secretary Cheney, as well as several operational commanders, have testified that there are several reasons for the U.S. to develop an ASAT system. However, the primary reason is the need to deny the Soviets the ability to locate targets and direct attacks against U.S. and Allied terrestrial forces from space. Currently, the Soviets maintain several types of surveillance and reconnaissance satellites whose primary mission is to provide targeting data on U.S. and Allied land, sea, and air forces to Soviet weapon systems. The targeting data could provide a decisive edge during a conflict. As part of the National Security Review currently underway, a variety of arms control alternatives are being evaluated, including possible limitations on ASATs. However, since a U.S. ASAT system offers the only certain way to deny the Soviets their space-based targeting capabilities, it would seem prudent that any negotiations on limiting ASATs would also need to address the danger to U.S. and Allied forces posed by Soviet space-based targeting systems.

B-2 RAMP

Senator WARNER. As President of RAND, you are very familiar with the B-2 program, including its costs. The amended defense budget has slipped the program about a year to align better the testing and production programs, and has consequently deferred a significant ramp-up in funding. Do you believe the Air Force has the means beyond fiscal year 1991 to step up to the funding ramp-up required for B-2 production, especially if there are two ICBM modernization programs underway.

Dr. RICE. Yes. The cost and schedule impacts of slipping the B-2 program a year were carefully evaluated by the Defense Resources Board as part of our overall strategic modernization program. Our amended budget provides the financial resources necessary to accomplish our recommended program.

SMALL ICBM BASING

Senator WARNER. The administration's proposed budget includes funding for the Small ICBM development program, but no funds for a basing plan. Can you tell the Committee what the proposed basing plan will be for the Small ICBM? Will it be hard-mobile launcher or carry hard? What is your personal preference?

Dr. RICE. Currently the Air Force's proposed basing mode for the Small ICBM is the hard mobile launcher (HML). Of all the basing modes we have considered, the HML will provide the best mobility, flexibility and endurance.

TRANSFERRING ACTIVE AIR FORCE POSITIONS TO THE RESERVE COMPONENT

Senator WARNER. What are the increased airlift costs to redeploy the overseas based aircraft to their present locations should a conflict break out?

Dr. RICE. Assuming full prepositioning of WRM and a support infrastructure already in place at the reception bases, it would take 44 C-141 loads to move the three F-16 squadrons and wing support elements and 26 C-141 loads to move the two F-111 squadrons from the US back to Europe in wartime. In addition to cargo airlife, approximately 10 Boeing 747's are required for passenger movement and 54 KC-135A equivalents are required for air refueling of the deploying fighters.

Senator **Warner**. In NATO how would such a transfer affect the M plus 10 day force?

Dr. **Rice**. Three F-16 squadrons (72 aircraft) and two F-111 squadrons (36 aircraft), plus the personnel and equipment required to operate them, must be moved from the US to the European theater. These forces must compete for airlift against all the other forces that are earmarked for Europe. They use up 70 C-141's, 10 Boeing 747's, and 54 KC-135's (that would otherwise be available to move other Air Force, Army, Marine, or Navy units), thus increasing the time it takes to place forces in Europe. The exact effect on the M plus 10 day force depends on the priority SACEUR puts on these units in his Rapid Reinforcement Plan.

Senator **Warner**. What are the increased levels of risk associated with such a transfer?

Dr. **Rice**. Any transfer of forward deployed active units back to the CONUS, and then to the Air Reserve Component (ARC), would involve risk. The degree depends on the level or perception of Soviet threat, type of aircraft and missions transferred, and conditions of the transfer.

Transferring these units to the CONUS would seriously degrade response capability in a crisis or major conflict. Current airlift shortfalls would be magnified, and would exacerbate our inability to fulfill current NATO commitments in the planned time. In addition, if the mission is given to the ARC, a longer mobilization time may be required. With few exceptions, the active force maintains currency in multiple missions, both conventional and nuclear strike, while the ARC is conventional only. We do not intend to place the nuclear mission in the ARC, nor task them with multiple conventional missions that would be difficult to maintain within the context of citizen airmen. This means the active force must bear a heavier load.

Because NATO's strategy of flexible response depends on theater nuclear weapons, removal of any dual capable aircraft will place a greater burden on remaining nuclear delivery systems and introduce a significant element of risk, both political and military, for successful implementation of that strategy. This will increase if we are unable to retain and modernize short-range nuclear forces.

Senator **Warner**. What are the increased operating costs necessary to deploy the overseas aircraft to the areas they are presently assigned to so that they can train in the environment in which they must fight?

Dr. **Rice**. Assuming forces would be returned from Europe to the CONUS and therefore would be required to be dual-based, the following is an estimate of cost for a 30-day deployment of a 24-aircraft squadron of CONUS-based F-16s to Europe representative of the magnitude of increased operating costs that would be incurred:

Airlift cost:	
7 C-141's	$1,100,000
4 KC-10's	950,000
Per diem cost:	
Officers (45)	50,000
Enlisted (475)	500,000
Total	2,600,000

Total does not include EUCOM's in-theater operational costs.

Senator **Warner**. What is lost in the way of readiness when these aircraft cannot routinely train in their present overseas environment?

Dr. **Rice**. Forward basing is a key element of our national strategy, fulfilling commitments to our allies and demonstrating our resolve to support the common defense. It is a major element of our peacetime deterrence overseas. Familiarity with Europe's terrain and poor weather will pay rich dividends in combat. If our units are withdrawn, our aircrews will lose the edge they gain by flying regularly over the region they must defend when war begins. The units withdrawn will also lose immediate contact with their European counterparts. This could degrade multinational unit relationships, crucial to combat, that are developed and nurtured through daily interface. Since Grenada brought home the severe problems caused by lack of command, control and communications interoperability and procedural interface, we have taken aggressive steps to enhance equipment and procedures in our own force, as well as working on international areas. We cannot replace the experience our people get while living in the European communications environment with short TDY assignments to Europe. Realistic training is recognized as a cost-effective readiness multiplier and offers significant warfighting "returns".

Senator **Warner**. For the dual capable aircraft, what is the impact on the readiness of our theater based nuclear deterrent?

Dr. **Rice**. Any transfer of forward based theater nuclear assets to the Air Reserve Component (ARC) would have serious readiness implications—loss of both nuclear strike and in-place deterrent capability. While the ARC maintains high readiness levels in their conventional roles, at present the Guard and Reserve do not have a nuclear capability for a variety of very valid reasons. All components of the Air Force, Active, Guard, and Reserve agree that at present we should not transfer nuclear missions to the Guard or the Reserve.

TRANSFERRING ACTIVE TO RESERVES

Senator **Warner**. Using the SABLE model, and CBO's assumption and analytical approach, is there any limit to the number of transfers of active duty Air Force aircraft to the reserve components that would not result in reduced operating costs?

Dr. **Rice**. Using the CBO's methodology, there is no theoretical limit to the number of transfers of active duty Air Force aircraft to the reserve components that would result in reduced operating costs. However, there are several fallacies with the CBO's approach. First, the Air Force Systematic Approach to Better Long-Range Estimate (SABLE) model is designed to estimate aircraft peacetime O&S costs for typical Air Force flying units. SABLE analyzes a series of variables and constants in order to depict O&S costs for typical Air Force flying units. To analyze the CBO proposal, many of the constants would have to be changed to variables in order to effectively compare O&S costs between units. This was not done by the CBO. Instead, they assumed all SABLE factors remained constant (accepting the resulting loss in capability). In reality, as more units are transferred, additional variable factors must be introduced. The relationship of unit transfers is not linear as the CBO assumed. Second, cost factors not in the SABLE model include military construction, initial and recurring weapon system upgrade training costs, and one-time transfer costs to move equipment from one unit to another. These would have a significant impact on cost comparisons but were omitted from the CBO methodology. Third, the CBO examined moving some of the Air Force's most expensive units, those fighters that are forward based in Europe, into the Guard and Reserve by the least expensive method of "robusting" existing units. There are a number of limits as to how many such transfers could occur. In addition, a large number of transfers from the Active to the Guard and Reserve could yield significantly less savings than implied by the CBO. At some point, the Guard and Reserve may have to increase their training levels to meet increased wartime taskings and peacetime activity levels. As a result, they would become significantly more expensive to operate than indicated by the CBO. For these reasons, the CBO's assumptions, analytical approach, and use of the SABLE model do not provide an accurate measure of the true cost and impact of transferring Active units to the Guard and Reserve.

TRANSFERRING ACTIVE AIR FORCE POSITIONS TO THE RESERVE COMPONENT

Senator **Warner**. CBO estimates that transferring flying positions to the reserve components will help reduce the current Air Force pilot shortage. Given the fact that the active Air Force is the primary source of pilots in the reserve components, would not a dramatic increase in the number of reserve component flying billets create greater incentive for active duty pilots to leave the service and join reserve components?

Dr. **Rice**. Yes. Historically, about 60 percent of pilots leaving active duty have indicated a preference to continue flying in the reserve components. Thirty-nine percent of separating pilots eventually do join a reserve component unit. The opportunity to fly front line aircraft in the reserve components is an attraction for active duty pilots. However, it is a difficult factor to quantify, because active duty pilot retention rates are highly dependent on other economic factors in the civilian sector. In addition, the geographic location of the additional reserve component positions could affect the attraction for some active duty pilots.

Although a force structure transfer to the reserve components would result in an immediate reduction in the active force pilot requirement, such a move might exacerbate active force pilot shortages in the long term. Line flying billets provide active pilots the experience necessary to assume management, leadership and staff support positions later in their careers. By decreasing the number of active force cockpits through which new pilots can be trained and gain experience, the active force's selectivity for management, leadership, and staff support billets is reduced in the long term. Similarly, this decrease in the active force's capacity to take on new pilots means fewer experienced pilots will be available to transfer to the reserve components in the future. Increasing the flow of new pilots through the cockpits remaining in the active force is not a good alternative from an operational perspective. Readiness is undermined and training costs rise when operational squadrons are saturated with inexperienced pilots.

IMPACT OF WITHDRAWAL OF THE 401ST TFW

Senator **Warner**. What, in your opinion, will be the impact on the NATO alliance should a forward deployed unit, like the 401st TFW, be withdrawn from Europe?

Dr. **Rice**. I must defer to SACEUR/USCINCEUR for assessment of the impact of withdrawal from Europe of a forward deployed unit, like the 401st TFW. However, I can tell you that the 401st has NATO commitments at very early stages of the alert posture which would likely require reallocation of tasks to other US units in Europe or perhaps across the Alliance.

Senator **Warner**. What would you opine that USCINCEUR would say to such a proposal?

Dr. **Rice**. I cannot speak for USCINCEUR. However, he would certainly have concern about the Southern flank of NATO, and the very limited U.S. force deployments there.

Senator **Warner**. Should the 401st TFW be returned to the United States, how would the Alliance structure be affected; and who would assume the role and commitment vacated?

Dr. **Rice**. The 401st TFW peacetime and wartime contributions to NATO readiness and deterrent posture are substantial. As the only in-place USAF tactical fighter squadrons in NATO's Southern Region, withdrawal of the 401st would represent a major loss of capability there. From Crotone, the 401st would not require any tanker support to move to its wartime locations. In wartime, the unit is tasked with air defense, conventional air-to-ground attack and nuclear strike missions from each deployed location.

The ultimate effect on the Alliance of withdrawing the 401st TFW from the European theater depends on whether the 401st TFW is retained in the active force or the aircraft given to the Air Reserve Component, and on any potential NATO redistribution of assigned missions.

From an Air Force perspective, adherence to current SECDEF guidance on reduction of units committed under the NATO Defense Planning Questionnaire (DPQ), which dictates that withdrawal should be offset by other U.S. units, would be extremely disruptive. Peacetime commitments would have to be assumed by in-place USAFE units to meet required response criteria. Of the eight remaining F-16 squadrons in USAFE, all are located in the Central Region. Central Region squadrons would have to maintain continuous peacetime aircraft and personnel deployments to Southern flank locations to meet basic readiness generation requirements. Historically, rotational deployments are expensive in terms of TDY costs, loss of training opportunities and unit morale. Alternatively, the United States could seek a release from NATO for these peacetime tasks. The 401st TFW wartime commitments could be partially offset by dedicating three active, CONUS-based F-16 squadrons as dual-based. The ability to meet the most stringent wartime taskings with CONUS-based units is problematical, as other high priority augmentation forces would be displaced in the reinforcement flow by this new requirement. Worldwide adjustment to Unified Command Plan force apportionment would be required with other theaters losing assigned forces.

Senator **Warner**. Would you comment on the advantages (or disadvantages), as far as interoperability enhancement, for training in a forward deployment scenario. Specifically, isn't it more efficient and effective to train in the area where a unit's mission will take them, and along side those with whom they will fight, if contingency plans are activated?

Dr. **Rice**. Senator Warner, your observations are absolutely correct. Programs which allow our forces to train in forward deployed locations are extremely advantageous. Not only do the deployed aircrews and maintenance personnel operate in a potential employment area, support personnel at the forward location work with the deployed unit firsthand. Additional training is gained by other DOD organizations that would support the contingency deployment, specifically U.S. Transportation Command (for movement of personnel and support equipment) and Strategic Air Command (for deployment and employment of air-to-air refueling support). Weaknesses during the deployed operation are discovered and corrected before contingency operation is required.

Senator **Warner**. What is your general perception of the Air Forces' Active Reserve mix, as it is today?

Dr. **Rice**. My general perception is that the Total Air Force has achieved a good balance of active and reserve component forces. The Active Reserve force mix is restudied during each planning, programming, and budgeting cycle. In addition to searching for new areas of reserve presence, consideration is given to the appropriate balance of capability, cost, and readiness. This is a complex, dynamic issue, and our commitment must be to providing the most combat capable Total Air Force to support national security objectives.

Senator **Warner**. Can any additional gains be made without cost in readiness, by moving more assets to Reserve status?

Dr. **Rice**. Perhaps, but probably not by transferring additional aircraft. We are examining other non-flying areas for inclusion in the Air Reserve Component (ARC) that may provide savings without attendant loss in overall readiness. But in the context of aircraft transfers, we reduce readiness almost by definition when we place force structure in the ARC. We do so by design in an effort to maintain the largest wartime force at the least cost while maintaining the overall peacetime capability we require.

If assets are withdrawn from overseas bases, we lose the peacetime deterrent of in-place forces; and there is a loss of responsiveness by virtue of the added time and resources to mobilize, generate, and deploy forces overseas from CONUS bases. Having the assets in the reserve component will add further to the generation time of the forces. The Total Force is continually analyzed to ensure the best combat capability is available to accomplish our global missions. Cost savings are balanced against mission requirements very carefully to ensure fiscal gains are not achieved at the expense of responsiveness. This constant review will continue to identify changes dictated by national priorities.

TTTS

Senator **Warner**. Mr. Rice, Senator Dole has asked if I will ask you this question. Mr. Rice, this year the Air Force will compete candidates for procurement of 211 jet aircraft for the Tanker-Transport Training System or TTTS. At least three U.S. airframe manufacturers plan to compete their aircraft. In addition, two foreign aircraft manufacturers have each teamed with American companies to compete for the TTTS contract. Within the influence of your office, can you assure the American people that such foreign companies, directly or teamed with American companies, will enjoy no advantage arising from a commitment unrelated to mission (i.e., economic offsets) made by the United States Government to a foreign government?

Dr. **Rice**. Yes. As you are aware, this program is critical to our continued capability to produce the quality and quantity of pilots needed for our defense. We intend to conduct a full and open competition for the TTTS program. Competitors will be judged according to established guidelines and will be rated on operational suitability and technical capability, life cycle costs, overall program management and adequacy, and logistics supportability. We will ensure that all competitors are allowed to compete on their own merits. No competitor will be offered an advantage, nor be put at a disadvantage, based on country of origin.

Questions Submitted by Senator Strom Thurmond

SOVIET AIR FORCE

Senator **Thurmond**. Dr. Rice, in your former position with the RAND Corporation, you supervised many studies of Soviet capabilities. In your opinion, how would you compare the quality and capability of the Soviet Air Force to ours? What will it take for NATO air forces to overcome the Soviets' superior number of aircraft?

Dr. **Rice**. Senator, I think few would dispute that the U.S. Air Force is unquestionably superior in both quality and capability to that of the Soviets. Our democratic system fosters an economic and industrial environment which allows us to develop and field weapon systems more technologically advanced than those of the Soviets. Our pilots, as well as those Air Force men and women who support them, are universally recognized as the best. Our realistic and effective training programs produce crews ready and capable of performing any mission their country may ask of them.

Your second question accurately points to the imbalance between NATO and Soviet forces, or more correctly, Warsaw Pact forces, that fosters our cause for concern. Any study of relative combat capability must take into account the quantitative advantage in aircraft and ground forces the Warsaw Pact enjoys over NATO. To overcome that advantage, NATO air forces must continue to be the most flexible and responsive element in the coalition's efforts to deter war and maintain the peace—just as they have for the past forty-plus years.

To do so, NATO must continue to modernize its air forces in order to maximize and maintain the technological edge over Soviet systems—an edge that the Soviets are expending great effort to overcome. Combat readiness is another key element in the balance of capability. Only through vigorous and realistic joint and combined training can we hone the combat skills required of our commanders and crews.

Another factor to consider in overcoming the advantage of the Warsaw Pact is the element of responsiveness. The USAF must maintain its commitment and seek to improve its capability to rapidly reinforce NATO, whether acting as a deterrent force in a time of crisis or as the decisive factor in blunting Warsaw Pact aggression. It must also improve its responsiveness to the rapidly changing needs of the ground commander during actual wartime.

Finally, Senator, I want to go on record as saying that our success is due in great measure to the men and women in uniform who bravely defend this country's and the Alliance's interests, often at great personal sacrifice. From a USAF perspective, we must continue to attract, educate, and retain the highest quality young men and women to defend our freedom.

PILOT RETENTION

Senator THURMOND. Dr. Rice, General Cassidy testified that the Air Force is having difficulty in retaining qualified pilots because of the great demand by the airlines. The same story appears to be true in the retention of active Guard/Reserve pilots. In your opinion is the current compensation package for pilots sufficient or do we need to look at some other alternative to retain these highly trained pilots?

Dr. RICE. The current compensation package is not sufficient to retain the number of pilots we need. Air Force pilot retention is at a 9-year low and the trend is continuing downward. The Air Force expects to be more than 500 pilots short by the end of fiscal year 1989. A major step to reverse the declining pilot retention trend is embodied in the provisions of the Aviation Career Improvement Act of 1989 (S. 653) introduced by Senators Glenn and McCain. This bill has a number of features that will help us. First, the bill increases Aviation Career Incentive Pay (ACIP), restoring its incentive value for the first time since ACIP was last increased in 1981. This will help ease immediate shortages and also establish a long-term, stable foundation for pilot retention. S. 653 extends the pilot bonus through fiscal year 1992—an essential management tool complementary to the ACIP increase. Senators Glenn and McCain propose actions to require more cockpit time earlier in a career and a longer active duty service commitment for flying training. We concur with these provisions provided there are equitable transition clauses. Finally, we agree that crewmembers need additional insurance coverage and that a Presidential commission should examine pilot retention to give the shortage problem the breadth of review its international dimension requires. I strongly support this legislation and believe its enactment is necessary to counter current and future Air Force pilot shortages.

B-2 COST

Senator THURMOND. Dr. Rice, I am vitally concerned over the current $500 million cost of each B-2. I understand that this cost figure is projected to climb to the $800 million mark before we have an operational aircraft. Would you tell me how I can justify this cost to my constituents?

Dr. RICE. Our current estimate for the cost of the B-2 in today's (fiscal year 1989) dollars is $274 million for the average unit flyaway cost, which is the cost to actually build the B-2 and $497 million for the average unit total program cost, which includes support equipment, initial spares, and development costs. However, the real measure of the B-2's cost is what it buys the nation—nuclear deterrence. If peace is maintained, then the B-2 is worth the price. Perhaps a better question would be, "What is the cost if deterrence fails?" Peace and freedom are not cheap commodities and never have been.

QUESTION SUBMITTED BY SENATOR PETE WILSON

CALIFORNIA AIR NATIONAL GUARD

Senator WILSON. My February 15, 1989 letter to Secretary McGovern, which I submit for the record, outlines in greater detail the weak policy assumptions that led to the National Guard Bureau's recommendation in these two cases. I have yet to receive a reply from the Air Force, and I therefore request that you immediately review these decisions should you be confirmed and carefully consider whether they would diminish the Air National Guard's ability to serve both federal and local requirements in a state of 27,000,000 people. I would appreciate a written reply as soon as possible.

Dr. RICE. The Air Force responded to your letter on 9 May 1989. The reply reflected a decision to restore the 4 C-130's to the 146th TAW and to equip March AFB with OA-10A's as currently programmed.

U.S. SENATE,
Washington, DC, February 15, 1989.

Hon. JAMES F. MCGOVERN,
Acting Secretary, U.S. Air Force, the Pentagon, Washington, DC.

DEAR JIM: I am deeply concerned that the fiscal year 1990 force structure changes for the National Guard Bureau released last month will have a negative effect on the California Air National Guard's ability to execute some of its most important missions.

The Bureau's report recommended the downsizing of the 146th Tactical Airlift Wing at Channel Islands ANG Base and the conversion of the 163rd Tactical Fighter Group at March AFB Base from the F-4 weapon system to OA-10 aircraft. In the case of the 146th TAW, this decision would result in the loss of four C-130E aircraft from a total fleet of sixteen and the elimination of 152 military personnel positions. These reductions would decrease the unit's effectiveness in providing forest fire suppression and medical evacuation support to the state as well as troop and equipment airlifts for DOD. In addition, new facilities for Channel Islands to accommodate sixteen C-130's will be completed in early 1990 at an anticipated cost of $70 million.

I understand that the Bureau originally planned to convert the 163rd TFG at March from the F-4 to the F-16 system but eventually chose the OA-10 alternative without explaining the change to either the California Guard or Congress. Conversion of the 163rd to the OA-10 could require almost $2 million in military construction beyond the Administration's FY90 budget proposal while the movement of 24 F-16's to March would entail only $453,000 in the alteration of existing facilities. The fact that the OA-10 has a less advanced delivery system and a lower survivability potential than the F-16 hardly seems to justify this significant difference in the conversion costs. Indeed, the Air Force will apparently phase out the OA-10 within ten years yet retain the F-16 into the 21st Century.

It seems evident, Jim, that these downsizings would cost the Air Force more money while damaging the California Air National Guard's capability to enhance U.S. troop readiness and mobility as well as furnish critical assistance to the State in the event of a natural disaster. I therefore request that you personally review the Bureau's determinations regarding the 163rd and the 146th units to ensure that the California Guard is properly equipped to meet its diverse responsibilities in both the federal and state realms.

Thank you in advance for your attention to these matters, and I look forward to your early reply.

Sincerely,

PETE WILSON.

[The nomination reference of Donald B. Rice follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 12, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Donald B. Rice, of California, to be Secretary of the Air Force, vice Edward C. Aldridge, Jr., resigned.

[The biographical sketch of Donald B. Rice, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF DONALD B. RICE

Since April 1972, Donald B. Rice has been president and chief executive officer of the RAND Corporation. RAND is a nonprofit, public service institution which conducts research and analysis on problems of national security and domestic affairs and offers, through the RAND Graduate School, doctoral degree programs in public policy analysis, health policy, and Soviet studies. The Corporation has over 1,000 employees and an annual budget of $75 million. RAND's research is conducted within two dozen programs, institutes and centers, each engaged in one or more areas of defense, foreign, economic or social policy.

Dr. Rice came to RAND from service as assistant director of the U.S. Office of Management and Budget in the Executive Office of the President. From 1970 to 1972, he had responsibility for the budgeting, program analysis, and management improvement activities of OMB in the areas of agriculture, atomic energy, commerce, energy, environment, natural resources, public works, science and technology, space and transportation.

He currently serves as a director of Pacific Lighting Corporation, Vulcan Materials Company, Wells Fargo & Company and Wells Fargo Bank, N.A., the Los Angeles World Affairs Council; a trustee of the Committee for Economic Development; and as a senior consultant to the Defense Science Board (Secretary of Defense appointment).

He received the B.S. in chemical engineering, University of Notre Dame, 1961. Purdue University awarded him the M.S. in industrial administration, 1962, and the Ph.D in management and economics, 1965. Notre Dame awarded him the degree of Doctor of Engineering, honoris causa, 1975, Purdue the degree of Doctor of Management, honoris causa, 1985.

From 1963 to 1967 he served as 1st Lt. and Captain in the U.S. Army. During that time he was assistant professor of management and acting deputy director for academics of the Navy Management Systems Center at the Naval Postgraduate School, Monterey, California. He taught statistics at the University of California at Santa Cruz in 1966.

In 1967 he became director of cost analysis in the Office of the Secretary of Defense. He was appointed Deputy Assistant Secretary of Defense (Resource Analysis) in February 1969, with responsibilities for analysis of cost, manpower and logistics requirements, for preparation of fiscal guidance issued by the Secretary to the military services, and for the coordination of DOD's program and budget planning with the National Security Council.

In 1970 the Secretary of Defense awarded him the Meritorious Civilian Service Medal. In 1975 he was selected by the U.S. Jaycees as one of America's Ten Outstanding Young Men.

From 1975 to 1977 he served as Chairman, National Commission on Supplies and Shortages (Presidential appointment). From 1977 to 1979, he directed a review for the Secretary of Defense, requested by the President, of resource management in the Defense Department. From 1974 to 1986, he served two terms on the National Science Board (Presidential appointment). He currently serves on the NAS/NAE Committee on the Space Station.

He is past president of the Institute of Management Sciences; a U.S. member of the Trilateral Commission; a fellow of the American Association for the Advancement of Science; a member of the Council on Foreign Relations, the National Committee on United States-China Relations, and the American Economic Association.

He has published articles, reports and papers dealing with economic policy, government organization and budgeting, defense resources management, energy systems, strategic capabilities and arms control, regulatory problems, and analytical techniques.

He resides with his wife, the former Susan Fitzgerald, and their three sons, in Santa Monica, California. He was born June 4, 1939, in Frederick, Maryland.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Donald B. Rice in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e.,A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Donald Blessing Rice, Jr.

2. **Position to which nominated:** Secretary of the Air Force.

3. **Date of nomination:** May 12, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:** June 4, 1939, Frederick, MD.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married to Susan F. Rice, nee Fitzgerald.

7. **Names and ages of children:**

Donald Blessing Rice III, 25; Joseph John Rice, 24; Matthew Fitzgerald Rice, 20.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

PhD, Purdue University, 1965.
MS, Purdue University, 1962.
BS, University of Notre Dame, 1961.
HS Diploma, St. John's High School, Frederick MD 1957.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

April 1972 to present, President & CEO, The RAND Corporation, 1700 Main Street, Santa Monica CA 90406

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Chairman, National Commission on Supplies and Shortages, 1975–77.
Director, Defense Resource Management Study, 1977–79.
National Science Board, 1974–86 (Member).
Defense Science Board, 1978–88 (Member or Senior Consultant).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

President, CEO & Trustee, The RAND Corporation, Santa Monica CA.
Director, Wells Fargo & Co and Wells Fargo Bank N.A., San Francisco CA.
Director, Pacific Enterprises, Los Angeles CA.
Director, Vulcan Materials Corporation, Birmingham AL.
Director, Donald B. Rice Tire Company, Frederick MD.
Director, Los Angeles World Affairs Council, Los Angeles CA.
Trustee, Committee on Economic Development, New York NY.

Trustee, Purdue Research Foundation, Lafayette IN.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

American Economics Association.
Institute for Management Sciences.
International Institute for Strategic Studies.
Council on Foreign Relations
National Committee on US-China Relations.
Trilateral Commission (US Member).
American Association for the Advancement of Sciences.
US Committee for the Ditchley Foundation.
US Golf Association.
Los Angeles Country Club.
Cypress Point Club.
Burning Tree Club.
Sunset Club.
Army-Navy Country Club.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

DOD Meritorious Civilian Service Medal, 1970
US Jaycees/America's Ten Outstanding Young Men Awards, 1975.
Honorary Doctor of Engineering, Notre Dame University, 1975.
Honorary Doctor of Management, Purdue University, 1985.
Tau Beta Pi.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

"Memorandum to the President Elect Re: The White House Science Advisor" in *Science and Technology Advice*, William T. Golden ed., Pergamon Press 1988 (as Chairman). *Improved Defense Through Equipment Upgrades*, a Report of the Defense Science Board Summer Study, 1984

Regulatory Policy: Some Advice for Government and Business. The RAND Corporation, P-6315, March 1979

The Battle of the Budget Deficit, The RAND Corporation. P 7106, June 1985

Defense Resource Management Study, Final Report, A Report requested by the President and submitted to the Secretary of Defense, USGPO, February 1979 (and William E. Hoehn, Jr.)

Perspectives on US and Soviet Counterforce Capabilities and SALT (U), The RAND Corporation Report, July 1978, classified document

Government and the Nation's Resources, a Report of the National Commission on Supplies and Shortages, USGPO, December 1976.

16. **Speeches:** Provide the committee with o copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. No formal speeches.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe I was chosen for the qualifications set forth below.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Prior service in appointed positions in the DOD and the OMB. Experience as CEO of a major diversified non-profit research and educational institution. Familiarity with many of the issues facing the Air Force and the Department of Defense. Commitment to public service.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Donald B. Rice.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offfense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

DONALD B. RICE.

This 4th day of May, 1989.

[The nomination of Donald B. Rice was reported to the Senate by Senator Nunn on May 18, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 18, 1989.]

NOMINATIONS OF DAVID J. GRIBBIN III, TO BE ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE AFFAIRS AND LOUIS A. WILLIAMS, TO BE ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS

THURSDAY, MAY 18, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:08 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Dixon and McCain.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Richard D. DeBobes, counsel.

Professional staff member present: David S. Lyles.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director; George W. Lauffer and Durwood W. Ringo, Jr., professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; Terrence M. Lynch, assistant to Senator Shelby; Dudley Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; and Charles Pearcy, Assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order. The committee meets this morning to consider the nominations for two Assistant Secretary of Defense positions in the Department of Defense. Both of these positions, the Assistant Secretary of Defense for Legislative Affairs and the Assistant Secretary of Defense for Public Affairs, have important responsibilities for communicating the Defense Department's policies and positions to the public and to the Congress—a subject that is always important, but probably even more so today.

Our first nominee is Mr. David J. Gribbin III. Mr. Gribbin has been nominated by the President to be the Assistant Secretary of Defense for Legislative Affairs.

The committee extends a warm welcome to the nominee, and also we would like to recognize the members of his family who are here today. I understand that Lori Gribbin, his wife and, D.J., his son, and D.J.'s wife, Molly, are here. So, we are delighted to have all of you. Thank you for coming.

The Assistant Secretary of Defense for Legislative Affairs is the principal staff assistant to the Secretary of Defense for the Department's relations with Congress. The individual in this position keeps the Secretary of Defense informed on the concerns and initiatives of the Congress, and also ensures that the Secretary's policies, and the Defense Department's positions are communicated effectively to the Congress.

Mr. Gribbin served Secretary Cheney in several senior staff positions during Secretary Cheney's service in the House of Representatives.

Mr. Gribbin served as an Administrative Assistant to Secretary Cheney, as Executive Director of the House Republican Policy Committee, Executive Director of the House Republican Conference, and is Chief of Staff for the House Republican Whip.

Mr. Gribbin has submitted to the committee written answers to 14 questions on the operation of legislative affairs activities in the Department of Defense. These answers were made available to the committee members as soon as they were received on May 8. Members may want to explore some of these questions in more detail with the nominee today.

If there are no objections these questions and the answers will be made a part of the record.

[The material referred to follows at the end of the hearing record.]

We also have Mr. Louis A. Williams here today. Mr. Williams has been nominated by the President to be the Assistant Secretary of Defense for Public Affairs.

The committee extends a warm welcome to the nominee. Mr. Williams, we are glad to have you.

Public access to accurate and timely information about Defense Department programs is essential to maintaining public support for and confidence in our national security effort.

If confirmed, Mr. Williams' principal responsibility will be to ensure that the press and the public are well informed about the Defense Department and its activities.

Mr. Williams has served and worked as both press secretary and as a news reporter. He served as press secretary and legislative assistant to Congressman Cheney for 3 years. Prior to that he worked in radio and television in Wyoming.

Mr. Williams has submitted to the committee written answers to 15 questions on the operation of public affairs activities in the Department of Defense. These answers were made available to committee members as soon as they were received on May 8.

Of course, any member who would like to pursue those questions further, could do so.

These questions and answers will also be made a part of the hearing record.

[The material referred to follows at the end of the hearing record.]

Senator Warner is on his way. Senator Simpson is here, and Senator Simpson, we are delighted to have you appear before this committee.

And I should say to both our nominees this morning, you could not be introduced by any Member of the Senate that has more respect by this committee on both sides of the aisle, and by the Senate as a whole.

So, Senator Simpson, we are honored and delighted to have you.

STATEMENT OF HON. ALAN K. SIMPSON, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator SIMPSON. Well, Mr. Chairman, those remarks, coming from you have a special meaning, because that same respect flows from the entire body right back to you, and I mean that sincerely. Years ago it was said during the administration of Jimmy Carter that Georgia was trying to take over the world. Now, Wyoming is taking over the world. [Laughter.]

You were very good the way you proceeded with my friend, Dick Cheney, and that was an excellent set of hearings, and I think he is going to be an excellent Secretary of Defense.

And these two gentlemen will help him do that. I have known them, even before I came to Washington, and they are superb. They served Dick Cheney in remarkable ways.

We all came here together, in a sense, in 1978. Dick and I were elected the same year, and then we came here to hire staff. We all went right to work.

Most of the original staff persons are gone. Some are off, tilting now at other windmills, but only a handful of those that were here during the first fires of combat are still here. David is one of those. And he has risen to the rank of star status as a staff person, and now, exactly that, is going to befall him here. I understand that his title will be the equivalent of star rank in the military.

But our President, I think, has scored a real 10 strike in Dick Cheney, and Dick has, as you might imagine, chosen his staff very carefully. No one will know more intimately how he works than you, because of the way you do your business with innate intelligence and getting deeply into the issues.

So Dave is really an insider's insider. He is deeply respected. He is in no way a person who is off on his own course. He is very professional. He is a very thoughtful person at Dick Cheney's side, with these duties that he has had as Administrative Assistant and Executive Director of the House Republican Policy Committee. He knows Dick Cheney and he knows the Hill, and he knows the sensitivities of dealing with Congress. And especially with the chairman of the committees of influence and appropriate jurisdiction. So I think he is a perfect choice.

And then, Pete Williams I have known—oh Lord, I wish I had not known Pete——[Laughter.]

He was a reporter—drove me crazy in earlier years. He is in a class by himself. A most unique and remarkable man. He was a native of Casper, WY, and he carried off a wagonload of awards when he was in high school, and again, had a distinguished academic career at Stanford. And his reputation grew as he was the news director and reporter at the largest television station in Wyoming.

I was a State Representative in the 1960s and he was a reporter. I remember that distinctly. [Laughter.]

Chairman NUNN. Sounds like he discovered the truth on more than one occasion. [Laughter.]

Senator SIMPSON. They were lies. [Laughter.]

But I could see that here was a man of enormous talent. He would interview. He did his homework. He knew the issues, and he was always very fair. And he knew more than the experts that he interviewed. That is what always impressed me. I was never considered an expert in the interview process.

But he became known to people throughout the Rocky Mountain region. He came here to serve Dick. He got totally immersed in things here, and he is going to perform his task with extraordinary zeal and skill and ability. He will do it fairly. He will not try to shield facts. He will not try to shade things. He comes at it up front even if it is a bit painful in the process. I have seen him do that. A journalist's journalist.

So there they are, Mr. Chairman. They are two fine young men who will deal with others in openness and candor and use of plain English. That should be heartening to some—at least some in the Pentagon.

So these two will serve Dick Cheney well, as Dick Cheney will serve the country well.

And my friend Malcolm Wallop would have liked to join me today—I have a statement of his. Mr. Chairman, I asked that it be inserted as part of the record.

And Congressman Thomas, Dick's replacement, would also have been here, but was prevented by other personal matters.

So, I think these two men will gain the trust and respect of those of us in Congress, and what more is there to be done, I think, when we deal with liaison of agency people, and the people who surround us.

Thank you very much, Mr. Chairman.

[The prepared statements of Senator Simpson and Senator Wallop follow:]

PREPARED STATEMENT BY SENATOR ALAN K. SIMPSON

Mr. Chairman, it is my distinct pleasure to speak on behalf of my fine colleague Malcolm Wallop in introducing to this committee two individuals whom I have known, respected and admired for many years—Dave Gribbin and "Pete" Williams.

I had the honor of being elected to serve Wyoming in the United States Senate on the same day as Dick Cheney was elected to serve in the House of Representatives. We came to Washington, hired our staff, and went right to work. Most of those original staff persons are gone now—some even off tilting at other windmills! Only a handfull of those who we first hired have withstood the fires of combat and the test of time. And only a few of those have risen in the ranks to "star status". That is exactly what Dave Gribbin has done—stars, literally, as his title will carry the equivalent of "star rank" in the military.

Our President has scored a real "ten strike" with the selection of Dick Cheney to be our Secretary of Defense. What an outstanding selection and an outstanding individual. In turn, Dick has also chosen *his* own staff wisely. Dave Gribbin is the perfect choice to head up Congressional Relations for the Pentagon. He is the "insider's insider". He is deeply respected, not only here on the Hill, but among the legal and professional communities with which we deal daily as we go about our daily business.

Dave Gribbin has been a steady and thoughtful force at Dick Cheney's side for more than 10 years, serving as his Administrative Assistant and then as the Executive Director of the House Republican Policy Committee, Executive Director of the House Republican Conference and as Chief of Staff during Dick's brief role as House Republican Whip. He knows Dick Cheney. He knows the Hill. He knows Washington. What better way to continue using his fine talents than to continue serving Dick Cheney in this new capacity. It is the perfect choice. I commend Dave Gribbin to this committee with no hesitation or reservations whatsoever. He will make us, Dick Cheney, and our President very proud. I know that will be the case.

Now, here is something I don't say often—but I do say it now, and truly mean it: Pete Williams is in a class by himself—a truly unique and remarkable man. People began to notice that when he first toted off honors and awards by the wagon load from his high school in Casper, Wyoming—Natrona County High—and again, when he racked up a distinguished academic record at Stanford University. His reputation widened and grew during the 10 years he spent as a reporter, and then news director, of KTWO television and radio in Casper—stations of regional acclaim.

It was during that time when he, as a reporter, and I, as a State Representative, first took note of each other. I really don't know what he thought of my abilities as a legislator—the ultimate compliment one can pay a journalist!—but I do know that I swiftly and instinctively sensed that here was a man whose enormous talents could be withheld from a much broader application and exposure.

Pete Williams is a man who cares passionately about the public issues of the day. He demonstrated that in his role as news director, where it could always be assumed he knew more of an issue than did the "experts" he was interviewing. He always immersed himself in the issues of the day, and yet—and this is important—he never let those issues loosen his hard grip on a highly developed sense of honesty, integrity and fair play. He became known to me, and to many people in the Rocky Mountain region as a premier broadcaster and outstanding individual. I saw that then. I saw it later; when he joined the Wyoming Futures Project and became totally immersed in the search for realistic solutions to our state's tough economic problems, and I saw it more recently in his role as spokesman and legislative assistant for Congressman Dick Cheney. We will all now see it in his role as Dick's spokesperson at the Pentagon. He will perform this task with his typical and characteristic good spirit and zeal.

Mr. Chairman, I could give you "book, verse and hymn number" on Pete Williams. I will spare you all the details. But I will tell you that if this committee believes the Pentagon's chief spokesman should exhibit the highest possible standard of integrity and honesty and should communicate in understandable "plain English", Pete Williams is just the man for the job. He doesn't "find out" about an issue, he burrows into it until there is nothing more to know. He doesn't just "talk the talk", he "walks the walk". He jumps right in and gets wet all over.

It was Wyoming's loss and the nation's gain when Dick Cheney became Secretary of Defense. Craig Thomas is now in office and working hard to fill Dick's very large shoes. Craig will prove to be a very able and effective member of the House of Representatives.

And, it will be Wyoming's loss and the nation's gain as Dave Gribbin and Pete Williams join Dick in key roles at the Pentagon. These are sacrifices the State of Wyoming willingly makes for the common good of our great nation. Your acceptance of these two outstanding men will greatly benefit our country. Through outstanding and loyal service, they will continue to earn our respect and trust. Please do give these fine gentlemen your every favorable consideration.

PREPARED STATEMENT BY SENATOR MALCOLM WALLOP

Mr. Chairman, I regret that I am unable to be here in person to join my long time friend and colleague, Al Simpson, in introducing Dave Gribbin and Pete Williams to the committee, today.

During the coming months, the members of the committee will come to understand what Al and I have known for years—these are two exceptional individuals. They have served the people of Wyoming with skill, integrity, and energy. Now the nation will be the beneficiary of their talents.

Secretary Cheney's decision to recommend to the President Dave's nomination as Assistant Secretary for Legislative Affairs, and Pete's as Assistant Secretary for Public Affairs speaks of the confidence our former colleague has in these two nominees. That confidence is well deserved.

Dave Gribbin has been a valued assistant and friend to Secretary Cheney since his earliest days in Congress. As Dick rose in the House leadership, he sought Dave's able counsel all along the way. In serving as Dick's Administrative Assistant, then Executive Director of the Republican Policy Committee, the Executive Director of the Republican Conference, and, finally, Chief of Staff to the Republican Whip, Dave gained invaluable experience and insights into the workings of Congress. That knowledge and understanding will be an invaluable asset to the administration and the Congress.

Pete Williams, too, is a man of immeasurable talent. My friendship and admiration for Pete dates back to 1974. He was a cub reporter in Casper back then and I was beginning my foray into statewide politics. From that vantage point I saw Pete evolve into one of Wyoming's most respected reporters, and civic leaders.

Pete's father, who served with distinction in Indochina during World War II, expressed concern when Pete switched from engineering to journalism in college. While Lou Williams eventually got over the shock of having a journalist in the family, it must still be a proud moment as his son's path now brings him before the Senate Armed Services Committee as the President's nominee to be an Assistant Secretary of Defense.

Those of us who know these two also share a pride and confidence in them. As you can tell, Mr. Chairman, I am pleased to offer my unqualified support for my friends, Dave Gribbin and Pete Williams. Thank you.

Chairman NUNN. Thank you very much, Senator Simpson, and we welcome you to stay as long as you can. I know you have a lot of other duties, and we will excuse you when you feel you need to depart. But we appreciate very much your being here this morning.

Senator SIMPSON. Thank you.

Chairman NUNN. Mr. Gribbin, let me start with you. Both of you can remain there, or Mr. Williams, you can go ahead and sit back down in the audience and we will call you back in a few minutes.

We would be delighted for you to make any kind of statement that you would like to make this morning, and then we will have some questions for you.

STATEMENT OF DAVID J. GRIBBIN III, ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE AFFAIRS—DESIGNATE

Mr. GRIBBIN. Thank you, Mr. Chairman.

I have submitted a statement for the record, and rather than read it and take up the committee's time, I just would say a couple of things.

First of all, in the 10 years that I have worked on the Hill I have had an opportunity to watch a lot of committees work, and I must say it is really an honor to appear before this committee, because it stands out as one that has an incredibly difficult portfolio, covering a wide range of issues, and yet has a first-rate reputation on the Hill for being a professional and effective committee.

Senator Simpson has already reviewed my general career path on the Hill. I would say only that in the course of having served Dick Cheney in a variety of capacities, both on his professional staff, and on the leadership staff in the House that it has given me a good appreciation for how the Hill works.

I am aware that—from the standpoint of the Senate—I am going to be viewed to some degree as that fellow from the House side. So I intend to address that by doing a couple of things, Mr. Chairman. One is that—— [Laughter.]

No, it is not all bad, Senator McCain. No. But I do intend to do a couple of things in that regard. One of the earliest decisions I will make, if confirmed, is to try to make a very strong choice as the

Senate Deputy. Someone who will send a signal to the Senators that we are going to do our best to professionally cover the Senate and the concerns of this committee.

And the second is, quite frankly, I plan to spend an awful lot of time over here trying to get to know you and your colleagues better and your senior staff people.

I would just close by saying this is a real honor and a priviledge for me. I appreciate the remarks Senator Simpson made. I have enjoyed the 10 years on the Hill. As a matter of fact, one of the qualifications I bring to this job is that I have loved Capitol Hill. And now I consider myself maybe to almost have the best of both possible worlds. I get to continue that association with the Hill, and yet also working in what I consider to be the best agency—the best branch of the executive branch—and that is the Defense Department.

So with that I will just invite your questions, Mr. Chairman.

[The prepared statement of Mr. Gribbin follows:]

PREPARED STATEMENT BY DAVID J. GRIBBIN III, ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE AFFAIRS—DESIGNATE

Mr. Chairman and members of the committee. It is a pleasure for me to appear before you as the President's nominee to be the Assistant Secretary of Defense for Legislative Affairs. I am deeply honored by the confidence that President Bush and Secretary Cheney have placed in me, and by the opportunity to appear before this distinguished committee. During the last 10 years that I have worked on the Hill, I have watched many committees work through their various areas of responsibility. This committee has one of the most difficult and challenging portfolios, and yet it stands as one of the most effective on the Hill. It is an honor to appear before you.

I first went to work for Congressman Dick Cheney in 1979 as his Administrative Assistant. As Congressman Cheney moved through Republican Leadership positions in the House, I served respectively as the Executive Director of the Republican Policy Committee, as Executive Director of the Republican Conference, and most recently as the Chief of Staff of his Whip organization. Although my legislative service has been limited to the House of Representatives, I have had frequent interaction with the Senate and the various departments and agencies of the Federal Government. Should I be confirmed, this experience should serve me well as Assistant Secretary of Defense for Legislative Affairs. In that regard, I might say a few words about the operation of the Office of Legislative Affairs.

In order to be effective, the Office of Legislative Affairs must be viewed as credible on the Hill. This requires that the information that passes between the Hill and the Department must be timely and accurate. In your business, outdated information is not very useful—and inaccurate or incomplete information can be harmful. The communications process between the Hill and Department must be well coordinated, and Secretary Cheney has indicated that he intends for this to be accomplished through the Office of the Assistant Secretary of Defense for Legislative Affairs. My initial impression is that while there are areas where improvements can be made, the legislative affairs function has operated well in the past. I would welcome any suggestions you might have for areas where improvements can be made, and express my desire and that of Secretary Cheney that our dealings will be conducted in a candid fashion.

I will close by thanking the committee for making available a hearing date so soon after my papers were cleared by the White House. Secretary Cheney has been most appreciative of the expeditious manner in which this committee has performed its responsibilities.

Given your busy schedules, I have not had the opportunity to meet with many of you personally. I hope to be able to do so in the near future, and look forward to working with the members and staff of this committee as we address the many challenges that face us in the national defense arena in the years ahead. I will be happy to answer any questions you might have.

Chairman NUNN. Thank you very much, Mr. Gribbin.

Senator McCain, did you have any kind of opening comments you wanted to make?

Senator McCain. I am concerned, Mr. Chairman, as I know you are, about the Office of the Secretary of Defense being taken over by the State of Wyoming. [Laughter.]

Chairman Nunn. Well now—since Senator Simpson has assumed full responsibility for everything that goes wrong over there—[Laughter.]

He did it right out here in the front. He said he was going to take the same responsibility we did in Georgia when Carter was President. [Laughter.]

So I would say that is 100 percent responsibility.

Senator McCain. Now I feel worse. [Laughter.]

Chairman Nunn. Mr. Gribbin, you mentioned that you are going to be over here a good bit. One thing we have found in the last 2 or 3 years is that increasingly, other committees are getting involved in defense matters, particularly with the procurement matters. Governmental Affairs is one example but there are a number of other committees. Because of all the frustrations with the problems in the Pentagon procurement, the operation "Ill Wind" indictments—I think you are going to see increasing legislation coming from different directions on Capitol Hill.

It is not orderly. It is not what we like. We do not welcome it, but in the Department of Defense, you are going to need follow not just this committee and the Appropriations Committees; you are going to need to have some people that follow the other committees, too.

You can have something pop up on the floor, and the Department of Defense is not prepared for it. We get notice right at the end. We have to go over and try to present our case one way or the other, whether that particular legislation should pass or not—whether an amendment should pass.

It would be a great help to us if you could have a little broader monitoring network than has been the custom in the past. I do not know whether that means different type assignments, or anything of that nature. You probably are already stretched thin, and we are not inviting that kind of proliferation of legislative activities in other committees, but it is happening. You are probably going to find it is happening some on the House side too. So I just make that suggestion to you.

Mr. Gribbin. Yes, sir. Well, although I have not been working right in the Office of Legislative Affairs, in the couple of months that I have been over there, I have been made aware of this problem, and intend to look at it early on.

Chairman Nunn. In other words, if we run out on the floor at the last minute, we need the Department of Defense to be up as much as possible, so we would know what the Defense Department's position is on that particular legislation.

Mr. Gribbin. Yes, sir. Well, hopefully——

Chairman Nunn. We are usually on your side. Not always, but usually. [Laughter.]

Is it your understanding—on another subject, that the Secretary of Defense will continue to follow the same procedures for fiscal year 1990 that are in effect for fiscal year 1989, with respect to requesting the Armed Services Committee's prior review and approval for funds appropriated for any Defense Department programs in excess of the amount authorized for such programs?

Mr. GRIBBIN. Yes, Mr. Chairman, that is my understanding.

Chairman NUNN. You had that in your written questions, but I just wanted to clarify that.

Senator Warner and I talked to Secretary Cheney about that and we felt that was his position, but I am glad to have it clear here on the record for fiscal year 1990.

From your experience on Capitol Hill, I am sure that you know about all this overlap and so forth we have in committees. Going to your new position, do you have any suggestions for eliminating duplication and overlap on Capitol Hill? [Laughter.]

Mr. GRIBBIN. Well, there is a sense, Mr. Chairman, in which that question sort of strikes at the heart of the Office of Legislative Affairs, I would think. And that is because the Assistant Secretary for Legislative Affairs is the principal staff assistant to the Secretary of Defense for Legislative Affairs, it is incumbent on that office to try as best as they can to coordinate communication between the Department and the Hill, so that it is clear, it is timely, it is non-partisan, and hopefully is as non-duplicative as possible. So, I am going to make an effort to try to do that.

Chairman NUNN. Do you have any opinion that you would like to share with us on what you view as the role of Congress in the formulation and review of national security policy? What is your general concept in that respect?

Mr. GRIBBIN. Well, it is considerable. In Article 1, Section 8 of the Constitution—just generally speaking, it says that Congress will provide for the common defense. But then it goes on to articulate a series of things that Congress has the power and the authority to do. Certainly, to raise and maintain an army; to raise and provide for a navy. The power to declare a war.

And then, sort of surrounding and undergirding all of that is the power of the purse, so the power of the legislative branch is considerable in providing for the common defense.

Chairman NUNN. Of course, on the Senate side, we have confirmation, which is——

Mr. GRIBBIN. Confirmation—well——

Chairman NUNN. Or a treaty ratification, and so forth.

Mr. GRIBBIN. Yes, sir. The whole advice and consent responsibility, which brings me here today, quite frankly, Mr. Chairman—it is important.

Chairman NUNN. Mr. Gribbin, if you are confirmed, will you ensure that the Defense Department provides information to this committee, as well as other appropriate committees in a timely and even-handed and bipartisan manner?

Mr. GRIBBIN. Yes, Mr. Chairman, I will.

Chairman NUNN. I have another question that is increasingly coming up in our hearings, and may be one you have to do some thinking about and discussing, before you give us a definitive answer, but I would like to pose it to you.

What do you view the relationship to be between your office and the Office of Management and Budget, in the clearance of Defense

Department testimony in public statements? How much role does OMB have in clearing defense testimony?

Mr. GRIBBIN. Well, again, I am new to the executive branch and I have not been working at all in the Office of Legislative Affairs. I do not have a level of sophisticated understanding about that.

My general understanding is that testimony must be cleared by OMB, but I would have to admit, Mr. Chairman, that I am not intimately familiar with the process.

Chairman NUNN. That is increasingly coming up. You may have read the other day about OMB reviewing and allegedly making changes in scientific testimony.

We have a policy for military offices. Now, this is not for all witnesses, although we ask all witnesses, but in a military testimony, we have a longstanding, historical policy in this committee of asking for personal views, so that we are able to get the personal views of the various military officials, even if those views differ with the views of the Secretary of Defense, or the President.

That is in keeping with constitutional responsibilities of the Joint Chiefs. It is also in keeping with Goldwater-Nichols. In fact, we encouraged in Goldwater-Nichols, when we put one man at the top and said he is the principal advisor to the President on military affairs, we also put a provision in the statute saying, each one of those military officials should be able to go to the President with dissenting views directly.

So having checks and balances in terms of military advice is enormously important to the President, himself, as well as to the Congress.

So my question is, with that background, do you have any objection to the practice that we have had for a long time of asking military officials when they appear before this committee, to give us their personal views, when those views differ from the Secretary of Defense's views?

Mr. GRIBBIN. Again, this is a process with which I am unfamiliar, and I certainly do not know what the Secretary's views on that are, but I can——

Chairman NUNN. Would you supplement it for the record then?

Mr. GRIBBIN. I would certainly be happy to do that, Mr. Chairman.

Chairman NUNN. Rather than having you answer something that you are not comfortable with, why do you not supplement that for the record?

Mr. GRIBBIN. Yes, sir.

[The information follows:]

The answer to your question is no. I see no reason to object to the committee's practice.

Chairman NUNN. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Just a follow up to what the chairman said, Mr. Gribbin. It has been a practice of this committee to ask all nominees if they are willing to give their personal opinion, without that, it would make the functions of this committee very difficult. So I hope you understand how important we feel that is, that any witness before this committee be able to give his personal opinion, when asked.

I congratulate you. Being a former House person myself, I know of your work and your reputation, and I am sure you will do an outstanding job.

For just a moment, if I may indulge in the cheapest commodity around this town, and that is advice.

Senator **Dixon**. Freely given often. [Laughter.]

Senator **McCain**. It is about that valuable, too. [Laughter.]

Over the years, the biggest problems that I have seen generated in relations between the Department of Defense and the Congress, in general, and this committee in particular, has been bred not so much by false information or misinformation, but by a lack of information.

We have to get timely responses to questions about programs, particularly about how programs are progressing or not progressing.

The worst thing you can do to any member of this committee, especially the chairman, is to surprise them with bad news. Because then we have to react, and usually, that is in the negative.

We have some problems when we keep too many programs "black." This then provides us with some surprises. As an example, finding out that the B-2 may cost $500 million to $600 million, or $700 million.

I think you can avoid most of the problems that I have seen in the past by maintaining constant communications, not only with the members, but with the staffs over here, you must make sure that we are apprised of the progress of the programs that this committee is required by the rules of the Senate to oversee in order to fulfill our responsibilities to the American people.

With that, I congratulate you. I look forward to the opportunity of working with you. Secretary Cheney has already made an extremely favorable impression, not only here, but with the American people. Congratulations.

Mr. **Gribbin**. Thank you, Senator. I look forward to working with you.

Chairman **Nunn**. Senator Dixon.

Senator **Dixon**. I have no questions but I do have a statement for the record. I thank you, Mr. Chairman. I am delighted to be here with the nominee.

[Senator Dixon's prepared statement follows:]

Prepared Statement by Senator Alan J. Dixon

Mr. Chairman, we are meeting today to consider the nominations of David Gribbin to be Assistant Secretary of Defense for Legislative Affairs and Louis Williams as Assistant Secretary of Defense for Public Affairs.

As we begin working on the Defense authorization bill for fiscal years 1990 and 1991 we face many difficult decisions. The two gentlemen we have before us today can help make this difficult process a little easier, by encouraging the staff working for them, to view the legislative process as a positive act and not view our work as if they are in a battle with the legislative branch of government.

I look forward to hearing from Mr. Gribbin and Mr. Williams.

Thank you Mr. Chairman.

Mr. **Gribbin**. Thank you, Senator.

Chairman **Nunn**. Mr. Gribbin, thank you very much. Would you please wait just a few minutes, because we may have another Senator or two come in, and we want to try to complete this this morning. And if they do, they might have a question for you. So if you do not mind waiting in the audience, we would appreciate it.

Mr. GRIBBIN. I would be happy to wait. Thank you, Mr. Chairman.

Chairman NUNN. Thank you so much.

Mr. Williams, you have already been introduced, and we welcome any opening comments you might want to make.

STATEMENT OF LOUIS A. WILLIAMS, ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS—DESIGNATE

Mr. WILLIAMS. Thank you very much, Mr. Chairman. I do not really have any opening statement. I would just say, unlike my good friend, Dave Gribbin, I did not have the narrowmindedness to work only in the House.

I would like to point out for the record that I did serve briefly in the U.S. Senate. And as a former Senate staffer, it is a great honor and privilege to sit here in this room with you, sir.

Chairman NUNN. Who were you with in the Senate?

Mr. WILLIAMS. I worked for Senator Cliff Hansen from Wyoming.

Chairman NUNN. Oh, good.

Mr. WILLIAMS. He preceded Senator Simpson.

Chairman NUNN. How is he getting along, by the way?

Mr. WILLIAMS. Doing very well. Out, probably, putting out a little hay today, I suspect. [Laughter.]

Chairman NUNN. Well, give him my regards when you talk to him next.

Mr. WILLIAMS. Will do, sir.

Chairman NUNN. Always very fond of Cliff.

Two or three questions I have. Mr. Atwood recently said that the Department of Defense had a serious public relations problem and that he had plans for a more vigorous public relations effort to polish the public image of the Department of Defense. Have you had a chance to discuss that with Mr. Atwood at this stage?

Mr. WILLIAMS. No, sir, I have not.

Chairman NUNN. How would you go about improving the image of the Department of Defense?

Mr. WILLIAMS. Well, sir, I suspect what Mr. Atwood was saying is it is not simply a matter of image, clearly, it is getting the word out about the good things that the Department is doing. And I would be happy to work with him and the Secretary in developing plans to do that.

Chairman NUNN. In other words, trying to emphasize the good side of the Department of Defense—the successes, not simply have the media dwelling on the failures?

Mr. WILLIAMS. Exactly.

Chairman NUNN. How do you get the news media to print good news? [Laughter.]

Did you ever print any good news when you were a reporter? [Laughter.]

Mr. WILLIAMS. I am tempted to give you an adroit answer and say, no sir, I did not, because I was a broadcaster, but I did present it over the air. I think as a former reporter, I would say that the people are always interested in a good story, whether it is good news or bad news. And I would hope to work with my colleagues in the press to offer them good stories.

Chairman NUNN. There has been some concern in Congress recently over allegations of command interference, and even censorship of the Stars and Stripes newspapers.

As you addressed this subject in your written responses, could you summarize your views this morning on the operation of the Stars and Stripes newspapers, and what steps the Department intends to take under your guidance in this area?

Mr. WILLIAMS. Be happy to, Senator. The basic philosophy of the Stars and Stripes newspaper is to offer to our Armed Forces overseas the same kind of timely international, national and local news that they would get if they were at home reading a domestic U.S. newspaper.

The Stars and Stripes has two editions, a Pacific and a European edition. And the Stars and Stripes allows us to reach Armed Forces in remote corners of the World where they would not ordinarily be able to receive news if they had to rely on the conventional newspapers, which frankly, are not interested in circulating to those remote corners.

As to the question of censorship, as you know, the GAO published a report on this question in December. The Department is now looking at the GAO recommendations, many of which are excellent.

One of the things which we have done on our own initiative, which was incorporated in the GAO report, is to suggest the idea of an ombudsman, who would act as a journalist advisor to the Department and to the newspapers.

Censorship, in whatever form, is unacceptable. It is contrary to DOD policies.

We are pursuing the GAO recommendations now and should have responses to them in another month or so.

The work to get an ombudsman is well under way. There is already a selection committee to choose one, and we will probably have one chosen in a matter of weeks.

But as for censorship, it is totally unacceptable, and we are taking steps, under current policies, to make sure that there is not any.

Chairman NUNN. Well, I am glad that you are very familiar with that subject, because it is extremely important to the men and women in the military, in particular.

What about the Armed Forces Network, which will be under your supervision? Are there any thoughts that you have in mind about the Armed Forces Network, in terms of expansion, programming, selection of programs?

Mr. WILLIAMS. Mr. Chairman, I think the Department recognizes that Armed Forces Radio and Television Service is probably one of the principal elements of morale for the men and women of the Armed Forces overseas.

The goal is to provide them with a 24-hour a day operation in many areas, to give them the kind of programs that they would have if they were home. News programs, live news programs and sporting events, and also the Armed Forces Network offers them—I think—all 65 of the programs that are now in the top Nielson ratings that you would see here at home.

So there is an entertainment value. There is a news and information value and sports value, as well.

There are two things going on now to try to improve the service. One is simply to make it available in more places. The live satellite programming has just been made available in Japan and Bahrain, and in many other areas, too. For example, the Marine Guard stations at all the U.S. Embassies around the world. That is the first thing—to spread the reach of Armed Forces Network.

The second is to spread the amount of programming available. And that is constantly increasing. The Armed Forces Network is working with unified commanders to try to make more channels available—either by adding cable in those bases where we can do that, or in those host countries where second frequencies are available to add a second broadcast channel.

Chairman NUNN. How do you view the role that you will play, and the role your office will play in terms of handling a major-breaking crisis—for instance, the attack on the U.S.S. *Stark*. What procedures would you use? Do you have any observations about the current practices, or are you familiar with them now?

Mr. WILLIAMS. Well, sir, I am glad to say that I have not seen any of those since I came to the Defense Department.

I have been able to watch my predecessor, Dan Howard, who has the job now, closely throughout the Panama situation. I think it is important that Public Affairs be kept informed throughout these matters as they develop, so that we are well informed and can inform the men and women of the press and the public and the Congress, as well.

So, I think it would be my goal to try to keep as well informed as I can. And I am aware of the DOD directives which say that the Assistant Secretary for Public Affairs should advise the Secretary on the public articulation of defense policy.

Chairman NUNN. What will be your relationship with the White House press office? How does your office interrelate to the White House?

Mr. WILLIAMS. Well, as I understand it, Senator, it is an informal matter. The spokesman for the White House, the Department of Defense and the State Department, because so many of their areas overlap, do try to keep well informed. There is a daily conference call on the telephone, where they keep in touch with each other. Periodic, informal meetings. It is an informal, but important, relationship.

Chairman NUNN. Do you know anything about the current procedure in terms of a relationship of your office to the Office of Management and Budget for clearing testimony?

Mr. WILLIAMS. No, sir, I do not. The only testimony clearance that I know about is that provided by the Director for Freedom of Information Act and Security Review, which is part of the Assistant Secretary for Public Affairs' function.

Testimony, before it is presented to Congress, as you know, goes through that directorate for security review. But that is the only review I know of.

Chairman Nunn. It is my understanding and I think this was indicated in your written responses, that over the last year, the Department of Defense has spent $16 million to respond to the Freedom of Information Act request, and yet we have only recouped about $1 million from people who are making those requests. How do you explain that wide disparity?

Mr. Williams. Senator, I am not an expert on that. My understanding is that there are some groups under the statute that you can recover costs from and some that you cannot. The Freedom of Information Act has proven to be something that has produced a great outpouring. People are very interested in it. The number of requests under the act continues to increase. It is simply a matter of, the costs we can recover, we go after, and those that we cannot, we are stuck with.

Chairman Nunn. You will take a look at that when you get over there?

Mr. Williams. Yes, sir. I would be happy to look at that, and provide you with further information.

[The information follows:]

The FOIA limits the charges the departments may levy to requesters, based upon the particular category within which they fall. Commercial requesters are obligated to pay search, review, and duplication costs; educational, noncommercial scientific; and media requesters may only be charged duplication costs in excess of the first 100 pages; and all others not qualifying under the above categories must pay search and duplication costs in excess of the first two hours of search and first 100 pages of duplication. It further stipulates that documents shall be furnished "without any charge or at a charge reduced below the fees established . . . if disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government and is not primarily in the commercial interest of the requester."

The greatest cost of responding to FOIA requests is for the reviewing and redacting of the documents for which the department is prohibited to recover its costs, except cases of commercial requesters. The department recoups all charges permitted under the law. The total cost to DoD to administer the Act in 1988 was in excess of $16 million with slightly more than $1 million collected under the law.

Chairman Nunn. Senator McCain.

Senator McCain. Thank you, Mr. Chairman.

Congratulations, Mr. Williams. Is there anybody left in Wyoming? [Laughter.]

Mr. Williams. Yes, sir. My family's left there. I have a brother who is out ranching right now, as a matter of fact, and thinking that this is a pretty strange way to make a living. [Laughter.]

Senator McCain. He is a very wise man.

We have a problem, Mr. Williams, that has arisen from time to time, that I would not expect a specific answer from you on, but a little philosophy.

Prior to and during the Grenada operation, certain public officials basically misled the media, as I am sure you may remember, as to what was going on in that operation.

There is a fine line between protecting the lives of American servicemen and women who may be in danger, and at the same time, recognizing the public's right to know what its Government is doing.

I think it poses a serious dilemma for people in your position, to the Secretary of Defense, the National Security Advisor and the President.

But since you will be the one who will be speaking for the Secretary of Defense, I would like to hear your views as to how you think this issue should be handled.

Mr. WILLIAMS. Let me say a couple of things about that if I may, Senator. First of all, with the sort of broad philosophy that you offer in your question and your statement, I think it is unacceptable for public officials to intentionally mislead or lie to the public. And I would make a commitment to you and your colleagues never to do that during my tenure.

I must say, in the time I have been at the Defense Department, that is a philosophy which is shared in the Office of Public Affairs, as well.

As to the lessons that we learned from Grenada, I would say that it is accepted wisdom now that the way the press was handled in the Grenada situation was a mistake.

As you probably know, the Sidle Commission Report recommended the establishment of a national media pool, which has been deployed very successfully—I think not only in the minds of the press, but also in the minds of the military planners, as well.

It is now an accepted custom in planning Defense Department deployments that there has to be a provision in there for the national media pool.

The Secretary of Defense, Mr. Cheney, signed on March 31, an order continuing his support for the national media pool. And, as further demonstration of the support for it, it was deployed here, along with the troops who were deployed to Panama, some 2,000 additional troops. And the media pool was deployed. They accompanied the Marines from Camp Lejeune to Panama, and yesterday, I talked to one of the reporters who was in the pool and he thought it went very well.

Senator MCCAIN. So, you feel that you clearly understand that demarcation line between protection of the national security interests and the American people's right to know.

Mr. WILLIAMS. Absolutely, sir.

Senator MCCAIN. Thank you.

Thank you, Mr. Chairman.

Chairman NUNN. Thanks, Senator McCain. I think that is an excellent question. My understanding of it is, and you probably followed this closer than I have is that since Grenada, there has been an awful lot of attention given to that whole area with seminars, interchanges with the media. Have you followed those?

Mr. WILLIAMS. Sir, I have tried to follow them in a general manner, although I have obviously paid a lot more attention to them since March 17. I have been trying to read back through those proceedings, through the Sidle Commission Report and some of the other seminars, talking to my former colleagues in the press.

I would say that there has been a real sea change as far as I can tell, in the Department of Defense, about that issue, since Grenada. Nobody wants that to happen again.

Chairman NUNN. You are going to try to read all you can about the various suggestions that were made after that and get on top of that as much as possible?

Mr. WILLIAMS. Yes sir. I am in the process of doing that now.

Chairman **Nunn**. Because when it happens, it is too late. It is all reaction then. If you do not have a battle plan already, I am sure you get overwhelmed. I would imagine it is just——

Mr. **Williams**. That is right. And——

Chairman **Nunn** [continuing]. Almost unmanageable without a firm, fixed philosophy of what you are doing with also tactical and stragegic operating plans.

Mr. **Williams**. It is my understanding that the decision to deploy the media pool is now, as a matter of custom, built into the Joint Chiefs' plans as they make their deployment plans.

Chairman **Nunn**. Could you submit for the record—not this much material, but just a digest of what the procedures are now on that?

Mr. **Williams**. Yes, sir. I would be happy to do that.

Chairman **Nunn**. Just sort of, hypothetically, if we had another situation like Grenada, how would it be handled—particularly, how would we differ in the way we handled it from the way we have in the past?

Mr. **Williams**. Yes, sir. I would be happy to do that.

[The information follows:]

The Joint Operational Planning System, Volume II, requires that military operational planning be conducted concurrently with public affairs planning to support a planned operation. Media participation should be on a pool basis, drawn from regional media, or accomplished by the National Media Pool. Once completed, these plans are reviewed by the Joint Chiefs of Staff, and the DoD media coverage aspects are reviewed by the Office of the Assistant Secretary of Defense for Public Affairs to ensure that they are adequate and appropriate.

For military operations arising with short notice, the Joint Staff utilizes crisis action procedures contained in the Joint Operation Planning System (JOPS), Volume IV, dated July 8, 1988.

As a situation develops, the Chairman of the Joint Chiefs of Staff will issue, in this sequence: a warning order, planning order, deployment order, and an executive order. The orders are issued to the Commanders-in-Chief of the Unified Commands. Each requires that the CINC responsible for that area of operation consider whether or not a pool should be deployed to provide media access to the event.

The Assistant Secretary of Defense for Public Affairs has accredited more than 40 Washington-based media organizations for National Media Pool membership. They agree to keep designated staff members on alert for short-notice media pool deployments and to maintain operational security of any pool activations. Pool participants include 26 newspaper organizations, three national news magazines, three major wire services, four major television networks, and approximately eight radio networks.

These organizations serve on a rotational basis with pool membership changing each calendar quarter. While pool composition can be tailored to a given contingency based largely on transportation availability, the standard pool is composed of 11 people: one wire photographer and one reporter, a television correspondent and two-person technical crew, a magazine reporter and a photographer, a radio correspondent, and three newspaper reporters. In addition, two defense public affairs officers serve as pool escorts and are generally joined by a unified/specified command public affairs escort.

All pool members have agreed to observe basic ground rules. Participants are required to equip themselves with lightweight, mobile gear and have become virtually self-supporting in this regard. The Department will provide billeting, food, special clothing and equipment, and transportation to, from, and within the theater of operations. Pool members pay for their own billeting and food.

Defense authorities have established procedures for sending print news stories via military communications as quickly as possible. Video and audio tapes and photographs are delivered on a priority basis to a secure area and where they can be picked up by other news representatives for transport back to Washington. The timely return of tapes and photos is the most difficult aspect of pool deployments, depending on circumstances and geography.

The pool was first tested in April 1985 to cover a U.S. military exercise in Honduras. It has been activated six additional times to exercise its members while covering military exercises in Honduras (again), California (naval and ground), Kentucky (Ft. Campbell), North Carolina (Camp Lejeune), and Alaska (Ft. Greely).

The pool's success was clearly demonstrated by three operational deployments. The first, in July 1987, was the well-publicized deployment to the Persian Gulf, to cover the U.S. Navy's first escort of reflagged Kuwaiti tankers. The pool was first to report that the Bridgeton hit a mine during the first escort. The pool deployed in March 1988 with the Army to cover its Emergency Deployment Readiness Exercise in Honduras, which was intended to demonstrate U.S. resolve in Central America. And in May of this year, the pool deployed aboard the first aircraft carrying augmentation forces to Panama.

Chairman NUNN. Thank you.

Senator McCain, do you have any other questions?

Senator MCCAIN. Thank you, Mr. Chairman. I think we have two outstanding nominees and I look forward to working with them.

Chairman NUNN. I agree, and we hope to be able to expedite these as much as possible.

Senator Warner, I am sure, has a statement for the record, so I would ask you now to consent to his statement being a part of the record, when submitted. I also have a written statement from Senator Thurmond to be included in the record. I will leave the record open until noon for any other written questions that you all might have to anwser for the record.

[The prepared statements of Senator Warner and Senator Thurmond follow:]

PREPARED STATEMENT OF SENATOR JOHN WARNER

Mr. Chairman, I join with you in welcoming both of these nominees before the committee this morning.

Mr. Gribbin and Mr. Williams, I congratulate you on the President's selection to nominate you to these important posts in the Department of Defense. If confirmed, you will become part of a defense leadership team under Secretary Cheney which will face many challenges. I am impressed by the fact that Secretary Cheney is assembling a team in the Department in which many of the members of the team have performed together before. Both of you have in the past served with Secretary Cheney in various positions in the House. There is no greater recognition of quality performance by staff than the desire of a boss who is taking a new job to be assisted by persons who have worked for him before. Secretary Cheney has recognized your quality performance of the past, and I am sure both he and we will continue to see quality performance for both of you in the future.

Once again, congratulations on your nominations. I look forward to working with you in the coming years.

PREPARED STATEMENT OF SENATOR STROM THURMOND

Thank you, Mr. Chairman.

I join you in welcoming Mr. David Gribbin and Mr. Louis Williams. I also want to congratulate you for the timely manner in which you and this committee are considering these nominations. I think it is important that we get these and other pending nominations confirmed as soon as possible.

Mr. Gribbin, Mr. Williams, I believe you both are ideally suited for the positions for which you are nominated. You not only have the background which qualifies you for your jobs, but you also have worked extensively with Secretary Cheney, which will certainly make your tasks easier. After reading in yesterday's paper that people are turning down positions of responsibility in government because of the pay scale, I am especially pleased to see you here. I think it speaks highly of you and our nation that we have individuals like you willing to serve.

I want you both to know you have my support.

Thank you Mr. Chairman.

Chairman **Nunn**. Other than that, I will need to see Mr. Gribbin for just a moment, if we could, on a matter. And then, I think that is all the questions we will have today. So the committee will be adjourned. Thank you.

[Whereupon, at 9:45 a.m., the committee was adjourned.]

[Prepared questions submitted to David Gribbin by Senator Sam Nunn prior to the hearing follow:]

David J. Gribbin III,
May 5, 1989.

Hon. Sam Nunn,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: This is in response to your letter of May 2, 1989, requesting my responses to 14 questions in advance of the Committee's consideration of my nomination to be Assistant Secretary of Defense for Legislative Affairs. Your questions and my responses are set forth below. I look forward to discussing these and other issues with you and the Committee during my confirmation hearing on Tuesday, May 9.

MOST SERIOUS PROBLEMS

Question (1.) From your service as a staff member in the House of Representatives and from your briefings in the Pentagon, what do you consider to be the most serious problems in the management and operation of the legislative affairs activities of DoD? What management activities and timetables would you establish to address these problems?

Answer. The sheer size of the Department of Defense and the number of Committees now exercising some form of oversight over DoD presents a management challenge. The staff and Members of those Committees may establish direct lines of communication resulting in activities that are not coordinated with the Office of the Assistant Secretary of Defense for Legislative Affairs (OASD-LA). The many professional liaison officers working the Hill for the military services and other DoD components could improve their reporting procedures so that the OASD-LA staff is fully informed. It is important, therefore, to foster a close working relationship between OASD-LA and the many components, stressing the need to keep OASD-LA informed on behalf of the Secretary.

If confirmed, an early item on my agenda would be to convene each of those components with any legislative liaison responsibilities and establish procedures designed to facilitate the efficient flow of information so as to best serve the needs of both the Congress and the Secretary of Defense. In addition, I would intend to pursue regular meetings of Defense officials with legislative liaison responsibilities to ensure that we maintain clear communications within DoD, and between DoD and the Congress. Finally, since working with the defense oversight Committees is one of the most important functions of the OASD-LA, I would welcome any comments or suggestions the Committee might have for improving that working relationship.

RESPONSIBILITIES TO THE SECRETARY OF DEFENSE

Question (2.) Should you be confirmed as Assistant Secretary of Defense for Legislative Affairs (ASD (LA)), what would you view as your principal responsibilities to the Secretary of Defense?

Answer. My principal responsibilities are threefold: to ensure that Administration policy, as represented by the Secretary of Defense, is effectively communicated to Congress in a timely fashion; to provide the Secretary of Defense with accurate counsel on Congressional concerns and initiatives; and to work with the various offices within the Department of Defense to ensure that communications between the Congress and DoD are clear, consistent and in keeping with the policies of the Secretary of Defense.

ROLE OF CONGRESS IN SETTING NATIONAL SECURITY POLICY

Question (3.) In your view, what is the role of Congress in setting national security policy?

Answer. The Constitution provides the executive branch with the primary responsibility to conduct our national security affairs, and it provides the Congress with responsibility for raising and maintaining our armed forces. Therefore, the executive and legislative branches must work together as partners to formulate and implement effective national security policies. The President and the Secretary of Defense have made clear that they seek to establish and maintain a bipartisan Congressional consensus in support of a strong national defense. If confirmed, I will work to help develop and sustain that consensus. Cooperation—not confrontation—should be the hallmark of the relationship between the two branches on issues involving the defense of America and its interests around the globe.

WORKING WITH THE CONGRESS

Question (4.) President Bush had repeatedly stressed his desire to work with the Congress in a bipartisan manner. If confirmed, what steps will you take to ensure that the activities of your office and those of the military services' liaison offices are carried out in a bipartisan manner? What steps will you take to ensure that the distribution and dissemination of information from the Defense Department is carried out in an even-handed manner?

Answer. The Department of Defense must maintain a policy of non-partisanship in performing its communication functions, including its legislative liaison function. My experience in the Congress demonstrated that in order for our national security policies to be successful, they must enjoy bipartisan support. As a Member of the House of Representatives, Secretary Cheney was respected for his ability to work on public policy issues in a non-partisan manner. His staff followed that example in Congress, and I am confident that they will do so in the Department. If confirmed, I will maintain that policy and ensure that the legislative liaison components of the Department understand and comply with this way of doing business.

RELATIONSHIP WITH MILITARY SERVICES

Question (5.) How do you interpret the requirement in DoD Directive 5142.1 that the ASD (LA) shall "Coordinate and exchange information with DoD components having collateral or related functions?" Does this mean that the ASD(LA) has direct responsibility over the legislative affairs activities of all DoD components? How do you view the relationship of the ASD(LA) to the legislative affairs in each of the Military Departments? Do you see any opportunities for either better coordination and/or streamlining in this area?

Answer. DoD Directive 5142.1 places ultimate responsibility for legislative liaison activities of the Department in the OASD(LA). The Assistant Secretary of Defense for Legislative Affairs is responsible to the Secretary of Defense for ensuring that all those components function together smoothly and efficiently. I am not familiar enough with the daily activities of the many DoD legislative liaison components to evaluate the need for organizational changes. If confirmed, I plan to take a close look at ways in which coordination among the various legislative affairs components within the Department might be improved.

AUTHORITY WITHIN OSD

Question (6.) Even within the Office of the Secretary of Defense, there are several offices which have their own congressional liaison personnel. What would you do to ensure that your office is the focal point for all of OSD, including the Defense Agencies, for dealing with Congress?

Answer. Secretary Cheney has made it clear that he intends for the Assistant Secretary of Defense for Legislative Affairs (ASD(LA)) to be responsible for overseeing all the legislative liaison functions of the Department. Therefore, the ASD(LA) must maintain close communications with the legislative liaison components within DoD, including those of the military services and the Defense Agencies. Just as the OASD-LA must work hard to keep open the channels of communications between the Department and the congressional committees, so too must the Department keep open and flowing the channels of internal communication on legislative matters.

Should I be confirmed, I intend to review the relationship between the OASD(LA) and the Department's other legislative liaison components to determine if adjustments are required. The purpose of any such changes would be to streamline and improve the flow of information between the DoD and Congress. If changes are needed to improve communication, I will make appropriate recommendations to the Secretary of Defense.

LIAISON WITH THE APPROPRIATIONS COMMITTEES

Question (7.) The liaison between DoD and the Appropriations Committees is currently carried out through the Office of the Assistant Secretary of Defense (Comptroller) and each of the budget offices of the Military Services, not through the ASD (LA). Do you believe this arrangement allows ASD (LA) to function as "the principal staff assistant to the Secretary of Defense for DoD relations with the Members of Congress" as specified in DoD Directive 5142.1? Does the fact that there are two separate offices in OSD dealing with the Congress create coordination problems? In your view, should this separate relationship between the Appropriations Committees and the OSD Comptroller and Service budget offices be continued, or should all DoD legislative liaison activities be consolidated under the ASD (LA) and the legislative liaison offices of the military Services? What relationship do you plan to establish between your office and the Appropriations Committees if you are confirmed as ASD (LA)?

Answer. The Office of Legislative Affairs and the Office of the Comptroller will work in close coordination to ensure to the maximum extent possible that the problems contemplated by the question do not arise. In particular, if confirmed I plan to maintain the close communications with the Comptroller necessary to ensure that our offices maintain effective, coordinated relationships with the defense authorization and appropriations committees.

MONITORING LEGISLATION AFFECTING THE DEPARTMENT OF DEFENSE

Question (8.) The Armed Services Committees have principal oversight responsibility in the Congress for Department of Defense activities. However, there is a great deal of legislation considered by other congressional committees that affects government agencies in general, or that primarily involves non-DoD agencies, which can also have a substantial impact on the Department of Defense. How would you ensure that you and the Secretary of Defense are kept informed of all legislative activity that can have an impact on DoD? Would you undertake to develop better procedures for alerting the two oversight Committees of legislative matters of interest to the Department?

Answer. As the number of Committees exercising indirect oversight of DoD and its various function increases, the legislative liaison mission has clearly become more difficult. The dramatic expansion of Committees exercising some form of oversight of the Department has been a relatively new phenomenon, and the Department has been slow in adapting to this change. The Department must do a better job of monitoring the activities of these other Committees so that it can identify any actions they might take which impact the Department's programs and activities. Once we have been able to identify and assess these actions, we must bring our concerns to the attention of the defense oversight Committees in a timely manner. I do not have any specific proposals for corrective actions at this time, but if confirmed I will make this a priority matter. I should add that I would welcome any suggestions the Committee may have in this regard.

RESPONSIBILITY FOR PROVIDING CONGRESS WITH DOD POSITIONS ON LEGISLATION

Question (9.) What is the division of responsibilities between the Office of the ASD (LA) and the DoD General Counsel's Legislative Reference Service? Which office is responsible for ensuring that the Congress is provided with timely comments from DoD on bills or amendments under consideration by the Congress? Often legislation is submitted by this Committee to DoD for comment and no answer is received. Why is this?

Answer. The DoD General Counsel's Legislative Reference Service has responsibility for coordinating a Departmental comment on legislation, including coordinating that position with the Office of Management and Budget under OMB Circular A-19 (revised) to ensure that the Department's comments on legislation accurately reflect Administration positions. Both Republican and Democratic Administrations have found the A-19 legislative clearance process essential to ensure that departmental comments on legislation accurately reflect Administration positions, and, therefore, can be relied upon as accurate position statements by the Congressional committees receiving them. Although the Department and OMB attempt to reach understanding and clear comments as quickly as possible, the A-19 process can take a great deal of time in some circumstances.

I fully understand and appreciate the need for Congress—and especially the Armed Services Committees—to receive timely comments from the Department on proposed legislation, and intend to work toward improving our response time should

I be confirmed. Without being familiar with the specific instances you have cited, it is simply unacceptable for the Department to fail to respond to a Committee request for comments on defense legislation in a timely manner.

RATING MEMBERS OF CONGRESS

Question (10.) Several years ago, a military officer in the Navy's Office of Legislative Affairs developed a system that purported to rate Members of Congress based on their support for Navy programs. After the existence of the rating system was revealed, the Secretary of the Navy directed that the use of this rating system be discontinued. Do you believe it is appropriate for Defense Department officials to develop and disseminate a rating system for Members of Congress? What actions would you take if you learned such a rating system was being developed or used in OSD or in one of the DoD components?

Answer. While the Department has an interest in knowing how Members vote on specific issues of importance, I do not believe it appropriate for DoD to develop rating systems on Members of Congress. The Administration must convince Congress to support its legislative proposals on the merits of those programs. OASD(LA) appropriately lends support to that effort by supplying information to Congress. If confirmed, I will not permit any such rating system to be developed in OASD(LA), and if it were to come to my attention that one of the DoD components were to have developed such a system I would see to it that the practice was halted immediately.

ROLE IN DEFENSE POLICY

Question (11.) What role, if any, do you foresee for the ASD-LA in the formulation of national defense policy?

Answer. While the Assistant Secretary of Defense for Legislative Affairs does not make national defense policy, it nonetheless plays a crucial role in the formulation of that policy. The Assistant Secretary ensures that the Secretary of Defense has the benefit of the perspective of Congress on national defense issues under discussion, enabling the Secretary to take them into account. The Assistant Secretary also ensures that the Secretary's views are effectively communicated to Congress, enabling the Congress to consider those views in its deliberations on national defense issues.

PERSONAL PERSPECTIVE

Question (12.) Can you describe for the Committee the perspective, outlook and personal qualifications you would bring to the job of ASD (LA) if confirmed?

Answer. My service as an Administrative Assistant to a Member of Congress and as the head of a leadership staff in the Congress will permit me, if confirmed, to bring substantial knowledge of Congressional activities and concerns to the job of Assistant Secretary of Defense for Legislative Affairs. During my congressional service, I worked closely with the executive branch on a variety of legislative matters. In the executive branch, I intend to work closely with those in the legislative branch. The mutual needs of the two branches call for cooperation and communication, and I will work to foster them.

INTERNATIONAL CRISES AND SIGNIFICANT MILITARY EVENTS

Question (13.) The Department of Defense does make a determined effort to provide appropriate congressional officials and committees information about international crises, the use of U.S. military forces, and incidents involving DoD personnel and equipment. These efforts, however, appear to be *ad hoc*. How can the Department improve its efforts to fully and timely inform the Congress in these areas?

Answer. With my background in the legislative branch, I share the premise of this question that timely notification to the Congress of such incidents is very important. I am not familiar with the existing procedures for such notifications, but OASD(LA) should be notified immediately of any such event so that it can carry out its responsibilities—in conjunction with the Secretary of Defense—to ensure that this information is provided to the appropriate Members of Congress in a timely manner. If confirmed, I intend as a matter of high priority to review the procedures for notifying the Congress of crises, incidents and deployments, and to identify ways to strengthen this process to ensure that it is not done in an *ad hoc* fashion.

CONGRESSIONAL REPORTS

Question (14.) What role does the Assistant Secretary for Legislative Affairs play in the preparation, review, and timely submission of reports required by Congress, congressional committees, and Members of Congress? What problems do you understand exist in this area, and what steps would you take to correct them?

Answer. The Office of The Assistant Secretary of Defense for Legislative Affairs does not control or oversee the preparation, review and submission of the many reports required by the Congress. The affected DoD component has that responsibility. However, OASD(LA) does review Congressional reports during the coordination process.

I understand that DoD reports to Congress often arrive late. I will, if confirmed, work with the Comptroller to ensure early review of legislation and report language to identify all reporting requirements and related requests at the earliest possible date, and further ensure that the appropriate office within the Department is quickly assigned the responsibility for preparing and coordinating such reports.

David J. Gribbin III,
May 17, 1989.

Hon. Sam Nunn,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: On May 5, I sent you answers to fourteen questions you had posed in advance of the Committee's consideration of my nomination to be Assistant Secretary of Defense for Legislative Affairs. Since then, the following additional question has been submitted for my response:

Question. Is it your understanding that the Secretary of Defense will continue to follow the same procedures for fiscal year 1990 as are in effect for fiscal year 1989 with respect to requesting the Authorization Committee's (HASC/SASC) prior review and approval for funds appropriated for any Defense Department programs in excess of the amounts authorized for such programs?

Answer. It is my understanding that the Secretary of Defense will continue to follow the same procedures for fiscal year 1990 as are in effect for fiscal year 1989.

Sincerely,

David J. Gribbin, III.

[Questions for the hearing record with answers supplied follow:]

Questions Submitted by Senator John McCain

CONGRESSIONAL REPORTING REQUIREMENTS

Senator McCain. Could you provide a list of all reports and other documents that the Department of Defense is now required to provide to Congress?

Mr. Gribbin. As you know, congressional reporting requirements can and do emanate from various sources on the Hill, and like Congress, there is no single clearing house within DOD for processing such requirements. Many reports are codified in statute while others are contained in permanent legislation. Certainly the preponderance of such items, however, originate during the annual DOD authorization and appropriation budget review and are contained in the respective reports and bills. Attached is a listing of all such requirements identified during the fiscal year 1989 cycle. As you can see it is quite voluminous and while the Department has attempted to curb the number of such requests, the demand continues to escalate. In this regard, special credit should be provided your committee for recognizing the tremendous burden imposed on DOD by such requirements and for the passage of Pub. L. 99-344 recommending reductions in some of these time consuming manpower intensive reports.

[The list provided was 107 pages. The list has been retained in the committee files.]

Senator McCain. Please provide a list of all such documents and reports that are now overdue, an explanation of the delay, and an indication of when they will be provided to the Congress.

Mr. Gribbin. As mentioned earlier during our annual review of the fiscal year 1989 authorization and appropriations bills and related reports a total of 661 items were identified as requiring a specific response to Congress. Of this number 436 or

66 percent have already been presented to Congress. The balance are in process or contingent upon an event occurring to trigger their submission. Let me assure you, the Department has a positive system for tracking the progress of these requirements and is aware that some are presently due. We fully intend to continue to monitor the remaining reports until we are in total compliance and are actively pursuing their early transmittal.

Senator McCain. Do you feel there are any documents and reports that the Department is required to submit to Congress that could be eliminated or consolidated to provide the same information more efficiently and with less cost to the Department?

If so—

A. What documents and reports would you suggest be eliminated and why?

B. What reports and documents would you recommend be consolidated to provide the same information in a better and/or less costly form, and how should this be accomplished?

Mr. Gribbin. The Goldwater-Nichols DOD Reorganization Act of 1986 required a review of all national defense related reports, notifications and studies of a periodic, recurring nature which are imposed by statute. In carrying out this provision 319 recurring statutory reporting requirements were identified. Draft legislation recommending repeal of 62 and modification of another 13 of these reporting requirements is being staffed for submission to the Congress. This is only the tip of the iceberg, however, and until Congress refrains from annually imposing new requirements on the Department, scarce resources will continue to be directed away from their primary mission in order to prepare these reports.

[The nomination reference of David J. Gribbin III follows:]

NOMINATION REFERENCE

As In Executive Session,
Senate of the United States,
May 2, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

David J. Gribbin III, of Maryland, to be an Assistant Secretary of Defense, vice M. D. B. Carlisle, resigned.

[The biographical sketch of David J. Gribbin III, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of David J. Gribbin III

David Gribbin has worked for Congressman Dick Cheney (R-WY) since 1979 in a variety of capacities: Administrative Assistance; Executive Director of the House Republican Policy Committee; Executive Director of the House Republican Conference; and Chief of Staff for the House Republican Whip. From 1972-1978 he was convention manager and editor of the *Used Car Guide* for the National Auto Dealers Association.

Mr. Gribbin served in the U.S. Army (1961-1964). He received a BA degree from the University of Wyoming (1966) and studied international relations at George Washington University. Gribbin holds a Master of Divinity degree from Wesley Theological Seminary (1976).

David Gribbin was born in 1939 in San Francisco, California. He is married to Loretta Simpson, has two children, and resides in Bethesda, Maryland.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officiers as determined by the committee to complete a form that details the biographical, financial and other information of the nominee. The form executed by David. J. Gribbin III in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
David James Gribbin III.

2. **Position to which nominated:**
Assistant Secretary of Defense for Legislative Affairs, Office of the Secretary of Defense.

3. **Date of nomination:**
May 2, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
September 18, 1939, San Francisco, California.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married—Loretta Fay Simpson Gribbin.

7. **Names and ages of children:**
David James Gribbin IV, age, 25 years.
Deborah Jean Gribbin, age 24 years.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Natrona County High School, Casper, WY 9/53-6/54.
Okmulgee High School, Okmulgee, OK 9/54-6/55.
Natrona County High School, Casper, WY 9/55-6/57, Diploma.
University of Wyoming, Laramie, WY 9/57-1/59.
Casper College, Casper, WY 1/59-6/60.
University of Wyoming, Laramie, WY 9/60-3/61.
University of Wyoming, Laramie, WY 9/64-6/66, Bachelor of Arts.
George Washington University, Washington, DC 9/66-5/68.
Wesley Theological Seminary, Washington, DC 9/71-5/76, Master of Divinity.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates or employment.
Chief of Staff, House Republican Whip, Congressman Dick Cheney, U.S. House—12/88-3/89.

Executive Director, House of Republican Conference, Congressman Dick Cheney, U.S. House—6/87-12/88.

Executive Director, Republican Policy Committee, Congressman Dick Cheney, U.S. House—2/86-6/87.

Administrative Assistant, Congressman Dick Cheney, U.S. House—1/79-2/86.

10. **Government experienced:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Member, Advisory Board, U.S. Department of Agriculture Graduate School.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Membership:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Republicans Allied for Mutual Support (RAMS)—Fraternal.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Volunteer consultant to Morella for Congress.

Volunteer—1988 Republican Convention.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Although I have made political contributions over the past 5 years, none were $100 or more.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Scottish Rite Fellow, George Washington University.

15. **Published writings:** List the title, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I was recommended by Secretary of Defense Cheney.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Extensive experience in Congress as a Hill staff person, and a long-time working and personal relationship with Secretary Cheney. I worked in the House of Representatives for 10 years (1979-1989) serving as Administrative Assistant to Congressman Cheney, Executive Director of the Republican Policy Committee, Executive Director of the Republican Conference, and Chief of Staff to the Republican Whip.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: David James Gribbin III.

PART B—FUTURE EMPLOYMENT RELATIONS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offfense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

DAVID JAMES GRIBBIN III.

This 2d day of May, 1989.

[Prepared questions submitted to Louis A. Williams by Senator Sam Nunn prior to the hearing follow:]

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR SENATOR NUNN: This is in response to your letter posing a series of questions concerning the Office of Assistant Secretary of Defense for Public Affairs. Your questions and my responses to them are set forth below.

MOST SERIOUS PROBLEMS

Question (1). From your service as a press secretary to a Member of the House of Representatives, what do you consider to be the most serious problems in the management and operation of the public affairs activities of the Department of Defense (DOD)? What management activities and timetables would you establish to address these problems?

Answer. I have not yet identified any serious problems in the management or operation of the Office of the Assistant Secretary of Defense for Public Affairs. The most critical function of the office is to ensure that timely and accurate information is available on the activities of the Department of Defense. Meeting the requirements of timeliness and accuracy requires skillful use of the Department's public information resources.

RESPONSIBILITIES TO THE SECRETARY OF DEFENSE

Question (2). Should you be confirmed as Assistant Secretary of Defense for Public Affairs (ASD (PA)), what would you view as your principal responsibilities to the Secretary of Defense?

Answer. If confirmed, my principal responsibility will be to ensure that the public is well informed about the Department of Defense and its activities. I would work to advance the current policy of seeking to release as much information as possible to the public and to the men and women of the Armed Forces, constrained only by the need to protect classified information and other information, the disclosure of which is prohibited by law—such as the Privacy Act of 1974.

PUBLIC ACCESS TO DOD INFORMATION

Question (3). DOD Directive 5122.5 provides that the ASD (PA) shall "[e]nsure a free flow of news and information to the media, appropriate forums, and the American people limited only by national security constraints and statutory mandates." What guidelines would you use to determine what information can and cannot be released to the news media and the public?

Answer. The public affairs activities of the Department of Defense will continue to operate under the provisions of applicable statutes, executive orders, and departmental directives. This regime of law makes clear that the policy will be to release information unless its release would cause damage to the national security or contravene laws prohibiting the disclosure of certain types of information. This pro-disclosure policy will continue to govern DOD public affairs activities.

SECURITY REVIEW FUNCTIONS

Question (4). The ASD (PA) has responsibility for the security review of DoD materials for publication or public release, including testimony before congressional committees. What policy would you intend to follow in carrying out these responsibilities?

Answer. If confirmed, I intend to follow the system for classifying and releasing information that is prescribed under executive order. It provides that information may not be classified unless its disclosure reasonably could be expected to damage national security.

Question (5). Aside from restriction related to classified and sensitive source-selection information, what restrictions, if any, would you apply in approving materials prepared for pulblication by DoD personnel?

Answer. Materials prepared by DoD personnel for publications must not violate applicable law or codes of conduct. DoD personnel must be particularly sensitive to the need to avoid even the appearance of misuse of official information.

NEWS ANALYSIS

Question (6). The ASD (PA) has responsibility for overseeing the provision of news analysis and news clipping services for the Office of the Secretary of Defense, Joint Staff, and the Military Departments headquarters. What policy would you intend to follow in providing this news analysis and in determining what news media reports should be disseminated throughout DoD's Washington headquarters?

Answer. The goal in preparing the news analyses and clipping summaries is to present as wide a range of materials as is available. Editors screen and clip from about 60 national and international daily newspapers and from approximately 300 periodicals for news and opinion articles reflecting community attitudes on matters pertaining to the DoD. Editors do not evaluate copy with regard to any other criteria, presenting senior managers with a "warts and all" survey of defense related material appearing in prominent publications.

OPERATION OF STARS AND STRIPES NEWSPAPERS

Question (7). Allegations of censorship and news management by military commanders of *Stars and Stripes* newspapers led to a requirement in the FY1988/89 Defense Authorization Act that the U.S. General Accounting Office (GAO) investigate the validity of these allegations. GAO reported that, according to a panel formed by the Society of Professional Journalists, evidence of censorship and inappropriate news management was conclusive at *Stars and Stripes* in the Pacific but inconclusive for *Stars and Stripes* in Europe.

What do you believe is the role of the *Stars and Stripes* newspapers?

Answer. The two newspapers provide overseas personnel and their families with the same commercial, international, national, and regional news, features, and editorial commentary that they would receive if they were in the United States. In isolated overseas areas, *Stars and Stripes* may be the only source of this kind of newspaper service.

In addition, the two newspapers report on the specific news and events of their respective Unified Commands—again in a "warts and all" fashion—so that overseas personnel and their families get the full service of what can be considered a "hometown newspaper." The challenge is to ensure that *Stars and Stripes* is a quality newspaper at an affordable price, despite the distance over which it must be distributed and the remote locations it must service.

Do you believe that the military chain of command should be allowed to interfere with, or influence the news content of the articles in these newspapers?

No. DoD policy states that the newspapers will provide a free flow of news and information without censorship. That policy applies to the Unified Command Commanders in Chief as the publishers of the two newspapers.

If confirmed as ASD (PA), how will you deal with the conclusions and recommendations of the December 1988 GAO Report on *Stars and Stripes*?

The GAO made several recommendations, and they are now being thoroughly studied. The governing directives for the *Stars and Stripes* will be completely reviewed and changed as needed by the end of the year. In addition, a *Stars and Stripes* ombudsman will be in place at the American Forces Information Service well before that time. The readership of the two newspapers should be assured that the news, information, and commercially provided editorial commentary they read is neither censored nor biased toward any particular political point of view.

Question (8). Do you believe that there is a need for an ombudsman to investigate and report independently to the Director of the American Forces Information Service or to the ASD (PA) on questions of censorship in the *Stars and Stripes* newspapers?

Answer. The role of an ombudsman would be much broader than merely investigating censorship allegations. The proper role would be that of a journalist advisor, in the same capacity as an ombudsman for a commercial newspaper. The ombudsman would advise the Director of the American Forces Information Service, the two Unified Command Commanders, and my office on all aspects of the editorial processes of the two newspapers. The DoD, the Unified Commands, and the Congress all seek to ensure that *Stars and Stripes* is representative of the highest standards in journalism, and an ombudsman would contribute to that goal.

Question (9). If you are confirmed as ASD (PA), what role will you take in monitoring the activities of the operations of *Stars and Stripes* and other service publications?

Answer. If confirmed, I would take a personal interest in the continued quality of these two important overseas newspapers, and I would participate in policy decisions affecting them. I would intend to visit the respective commanders and editors-in-chief responsible for the papers. I would also require frequent reports from the ombudsman and would personally work to correct problems as they arise. In addition, I would work to see that the recommendations made in the GAO report of December 1988 are pursued.

MEDIA COVERAGE OF DOD OPERATIONS

Question (10). If confirmed as ASD (PA), do you intend to employ the "pooling" arrangement that the Defense Department developed after Grenada to permit selected members of the news media to accompany DoD operations? What, if any, modifications would you make to this process based on past experience and your own views?

Answer. On March 31, 1989, Secretary Cheney formally acted to continue the Department's support for the National Media Pool, giving his personal endorsement to the concept. The pool is designed to maintain the essential secrecy of contingency missions while allowing the press to inform the American people about the early hours of military operations. Pool members have recently been chosen for the coming period, and the Department plans to continue to hold exercises, which keep pool members alert and help to identify potential problems.

Pool members have expressed an interest in being able to file material more quickly from the field. Of special concern is the new technology which permits filing of written material and still photographs by portable computers over ordinary telephone lines. The Department is working with the pool participants to allow quicker filing while still assuring operational commanders that no information is published which may jeopardize an operation or endanger lives.

IMPLEMENTATION OF FOIA AND PRIVACY ACT

Question (11). Has the Department of Defense encountered any significant difficulties in recent years in the administration of the Freedom of Information Act or the access provisions of the Privacy Act?

Answer. The most significant difficulties have been the time and cost required to process a growing number of requests. With the Department's worldwide activities, the search, review, and release of the requested records simply cannot be accomplished within 10 days of a request in most cases. The estimated costs for the Department over the past year were in excess of $16 million, while authorized costs recovered from requestors amounted to a little over $1 million.

ROLE IN DEFENSE POLICY

Question (12). What role, if any, do you foresee for the ASD (PA) in the formulation and articulation of national defense policy?

Answer. The Assistant Secretary of Defense for Public Affairs is charged with formulating policies to ensure a free flow of news and information to the public and the news media, constrained only by the need to protect sensitive national security information and to abide by laws governing the disclosure of other materials. In addition to enunicating policies directly related to the responsibilities of the office, I would expect, as Pentagon spokesman, to assist in the articulation of national defense policy for the press and public. In that capacity, the Assistant Secretary may advise the Secretary and Deputy Secretary, as defense policy is formulated, to keep in mind the public's need to be informed.

PERSONAL PERSPECTIVE

Question (13). Can you describe for the committee the perspective, outlook, and personal qualifications that you would bring to the job of ASD (PA) if confirmed?

Answer. As a former professional journalist, I have a strong commitment to the need for a free flow of information between the government and the public. I would operate on the presumption that Defense Department information should be released, unless its disclosure would violate the law or pose a danger to national security, the success of a military operation, or the lives of men and women in the Armed Forces. My experience as a reporter and press secretary has helped me develop the skills required to communicate with the press and the public through the written and spoken word.

MANAGEMENT SKILLS

Question (14). How many civilian employees and military personnel are assigned to the office of the Assistant Secretary of Defense for Public Affairs?

Answer. The current authorized strength of the office is 131, consisting of 55 military and 76 civilian positions.

Question. How is the office organized?

Answer. Under the assistant secretary are two deputies and eight separate directorates, each responsible for a different function. The directorates and their functions are:

Directorate for Defense Information: releases information to the news media, both print and electronic, providing the around-the-clock point of contact for national and international news media;

Directorate for Plans: proposes new and revised public affairs guidance when needed and coordinates the National Media Pool;

Directorate for Programs: provides the point of contact for requests of the Secretary and Deputy Secretary of Defense and other senior Pentagon officials to make public and media appearances and performs advance work for national and international travel of the Secretary and Deputy Secretary;

Directorate for Community Relations: develops and implements policies for armed forces participation in public and community events;

Directorate for Public Communications: analyzes, reports on, and responds to inquiries from the general public, industry, and other government agencies;

Directorate for Freedom of Information and Security Review: administers the Freedom of Information Act Program and mandatory declassification review program for the Office of the Secretary of Defense, the Office of the Joint Chiefs of Staff, and other DoD components as may be assigned, administers access portion of

Federal Privacy Act Program and conducts security review of all material prepared for public release originated by the Department;

Directorate for Management: provides administrative and management services to the Office of the Assistant Secretary of Defense for Public Affairs;

Directorate for Editorial Services: supplies writing services to the Secretary and Deputy Secretary of Defense to assist in preparing speeches, articles, and other presentations.

Question. What other DOD components does the Assistant Secretary oversee?

Answer. The ASD(PA) oversees the work of the American Forces Information Service (AFIS), a Department of Defense field activity which operates the DoD Internal Information Program. Its Armed Forces Radio and Television Service (AFRTS) obtains and distributes American radio and television programs for broadcast to U.S. troops overseas. High quality programming valued at several hundred million dollars is made available to AFRTS each year by the networks and independent producers.

In addition to AFRTS, the DoD Internal Information Program provides joint interest print, radio, film, and television materials for use in the internal information programs of the military departments and other DoD organizations; establishes administrative policy for DoD newspapers, including the European and Pacific *Stars and Stripes* and civilian enterprise newspapers; provides a news clipping service, the Current News Analysis and Research Service (known for its Early Bird Edition), to bring needed information to the attention of key DoD personnel; and develops procedures for managing visual information activities, formats, and standardization throughout the Department.

Question. What management skills and experience would you bring to these supervisory responsibilities?

Answer. I have never managed an organization the size of the public affairs operation of the Defense Department. I have supervised a staff of 15 reporters and photographers as a television and radio news director. One of my key priorities, if confirmed, will be to recruit talented professionals to assist me in managing the Office of Public Affairs.

RELATIONSHIPS WITH OTHER DOD PUBLIC AFFAIRS OFFICES

Question (15). What other public affairs offices exist in the Washington headquarters of the Department of Defense? What is the relationship of the Assistant Secretary of Defense for Public Affairs to each of these offices?

Answer. Other public affairs offices in the Washington headquarters of the Department of Defense are: the Secretary of the Army Office of Public Affairs, the Navy Office of Information, the Secretary of the Air Force Office of Public Affairs, the U.S. Marine Corps Division of Public Affairs, the Special Assistant to the Chairman of the Joint Chiefs of Staff for Public Affairs, the Assistant to the Director of the Joint Staff for Public Affairs, and the information offices for the Defense Contract Audit Agency, the Defense Logistics Agency, the Defense Mapping Agency, and the Defense Nuclear Agency.

The Assistant Secretary of Defense for Public Affairs provides each of the above offices with policy guidance in the areas of media relations, community relations, internal information, and security review through DOD instructions and directives. The offices concerned coordinate with the Assistant Secretary of Defense for Public Affairs on matters of national and international interest.

I appreciate the opportunity to respond to your questions, and I look forward to appearing before your committee.

Sincerely,

LOUIS A. (PETE) WILLIAMS.

[The nomination reference of Louis A. Williams follows:]

Ordered, that the following nomination be referred to the Committee on Armed Services:

Louis A. Williams, of Wyoming, to be an Assistant Secretary of Defense, vice J. Daniel Howard, resigned.

[The biographical sketch of Louis A. Williams, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF LOUIS ALAN (PETE) WILLIAMS

Pete Williams served as Press Secretary and Legislative Assistant to Congressman Dick Cheney (R-WY) (1986-1989). From 1985-1986, he was Director of the Wyoming Futures Project, a joint public-private effort to plan for the economic needs of Wyoming. Prior to this, Mr. Williams was a radio and television news reporter in Wyoming, and was news director for KTWO Television and Radio in Casper, Wyoming (1977-1985). During this time he was a member of the board of directors of the Radio-Television News Directors Association and was given a First Amendment Award by the Society of Professional Journalists, Rocky Mountain Region. He also received recognition from the Wyoming Association of Broadcasters. Mr. Williams served on the staff of Senator Clifford Hansen (R-WY) from 1976 to 1977.

Mr. Williams graduated from Stanford University (BA, 1974). He was born on February 28, 1952 in Casper, Wyoming and currently resides in Washington, D.C.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Louis A. Williams in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Louis Alan Williams.
Pete Williams (Nickname).

2. **Position to which nominated:**
Assistant Secretary of Defense for Public Affairs.

3. **Date of nomination:**
May 2, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

February 28, 1952, at Casper, Wyoming.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Single.

7. **Names and ages of children:**

None.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Natrona County High School, Casper, Wyoming, September 1967 to May 1970.

Stanford University, Stanford, California, September 1970 to June 1974, BA.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Public Affairs Specialist, Dept. of Defense, Washington, DC, March 1989 to present.

Press Secretary and Legislative Asst, Rep. Dick Cheney, Washington, DC, 3/86 to 3/89.

Project Director, Wyoming Futures Project, Ucross Foundation, Casper. WY, 5/85 to 3/86.

News Director, KTWO Television and Radio, Casper, Wyoming, 7/76 to 10/79 and 10/79 to 5/85.

Anchorman, Morning Edition, National Public Radio, Washington, DC 10/79.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

None.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Press Secretary, Cheney for Congress Committee, October-November, 1986.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

$50 to Joe Shickich for Commissioner Committee, November 1988 (Casper, Wyoming).

$100 to Craig Thomas for Congress Committee, April 1989 (Casper, Wyoming).

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

First Amendment Award, Society of Professional Journalists.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I was recommended by Dick Cheney, Secretary of Defense.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have known Mr. Cheney since his first campaign for Congress in 1978. I have served as his press secretary since 1986. I have professional journalism experience in radio and television and have developed, as a reporter and press secretary, the experience required to communicate with the press and public through the written and spoken word. I have a strong commitment to the need for a free flow of information from the government to the public.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Louis A. Williams.

Part B—Future Employment Relationships

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part C—Potential Conflicts of Interest

1. Describe all financial arrangements, deferred compensation agreements, and other dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or

acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this opinion?

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part D—Legal Matters

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part E—Foreign Affiliations

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

LOUIS A. (PETE) WILLIAMS.

This 2d day of May, 1989.

NOMINATION OF SEAN O'KEEFE, TO BE COMPTROLLER OF THE DEPARTMENT OF DEFENSE

THURSDAY, MAY 18, 1989

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 2:35 p.m., in room SR-222, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Dixon, Gore, Shelby, Warner, Thurmond, Wallop, Gorton, and Lott.

Other Senators present: Senators Stevens and Johnston.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: John J. Hamre, William E. Hoehn, Jr., David S. Lyles and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; George W. Lauffer and Ann Elise Sauer, professional staff members.

Staff assistants present: Barbara L. Braucht and Mary J. Kampo.

Committee members' assistants present: Charles C. Smith, assistant to Senator Dixon; Terrence M. Lynch, assistant to Senator Shelby; C. Richard D'Amato, assistant to Senator Byrd; Robert M. Soofer, assistant to Senator Gorton; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman Nunn. The committee will come to order. The committee meets this afternoon to consider the nomination of Mr. Sean O'Keefe to be the Comptroller of the Department of Defense. I want to extend a warm welcome to the nominee and to the members of his family who are with him. I understand your wife, Laura, is here and your daughter, Lindsey, and your sister, Shannon. We are delighted to have all of you. Thank you for coming.

Mr. O'Keefe is well known to this committee having served on the staff of the Defense Appropriations Subcommittee for many years. And it is a particular pleasure and honor for the authorizing committee to have such a prominent appropriations member of staff before us for confirmation. Sean, I can say to you today, with the two sterling Senators you have by your side, you will be accorded great respect by this committee as you always have and we will give you at least the same respect that we always receive from the Appropriations Committee. [Laughter.]

The Comptroller of the Department of Defense is a senior financial officer of the largest department of the Government. He is responsible for the execution of one-quarter of the entire Federal budget. During the committee's work on the Goldwater-Nichols Department of Defense Reorganization Act, it was my amendment that retained the statutory requirement for this position. We did not require that the Comptroller also be an Assistant Secretary of Defense as a matter of law, although we suggested and encouraged the President to designate the position as an Assistant Secretary of Defense.

It is my understanding that Mr. O'Keefe will be designated as the Comptroller, but not as an Assistant Secretary of Defense; and we will have some questions on that as to your authority and your ability to carry out that authority.

Over the next few years the Congressional Budget Office projects continued budget deficits in excess of $130 billion a year while the Gramm-Rudman targets, of course, require zero deficits by fiscal year 1993.

In this fiscal climate, the Defense budget will be fortunate to have zero real growth over the 5-year defense plan. The DOD Comptroller will be responsible for the execution of a 5-year plan that is likely to contain approximately $400 billion less than the levels planned just 2 years ago. Fortunately, a lot of those decisions have been made, but many more still have to be made. And we are down to the point where the cuts are really having an effect, a harmful effect.

The next Comptroller will have to assist Secretary Cheney in assuring that these reductions are made in a coherent way in light of a very dynamic national security situation and that the priorities in the President's defense budget support those in the President's review of our overall national security strategy. The next Comptroller will also have to deal with the immediate problem of differing outlay estimates between the Congressional Budget Office and the Office of Management and Budget. And I know Senator Stevens and Senator Johnston are already familiar with that.

It is going to be a real problem for us this year. We have not figured out quite how to handle it. These differences could force Congress to make substantial adjustments to the fiscal year 1990 defense budget beyond those contained in President Bush's amendment.

Mr. O'Keefe has had extensive experience in defense financial management, working in the Office of Secretary of Defense Comptroller, the National Security Division of OMB, and, of course, as one of the top staff persons on the Defense Appropriations Subcommittee for the past 8 years. Mr. O'Keefe has responded to 20 questions on financial management issues in the Defense Department. These questions and answers were circulated to the members of the committee as soon as they were received on May 17.

Mr. O'Keefe will be introduced this afternoon by Senator Stevens and Senator Johnston, both of whom have a very keen understanding and appreciation for the importance of the authorization process for national defense programs. I also know that Congressman

Joe McDade hopes to be here, but he may be delayed by the supplemental. He has a prepared statement that he would like inserted in the record. Senator Hatfield has already been by to express his support.

[The prepared statement of Congressman Joseph McDade follows:]

PREPARED STATEMENT OF HON. JOSEPH M. MCDADE

Chairman Nunn, Senator Warner, Members of the Committee, I want to thank you for allowing me to appear before the committee. I am pleased to join my friends, Senator Stevens and Senator Johnston, in expressing my strong and unqualified support for the nomination of Sean O'Keefe to be the Comptroller of the Department of Defense.

For the past eight years, I have had the opportunity to witness first-hand Sean's work, as first a professional staff member, then senior Republican staff member, on the Defense Appropriations Subcommittee. Over on our side of the Capitol, we have heard that Sean is more than a bit "well-known" in your committee, as well.

I think I speak for all the Members of the House Defense Appropriations Subcommittee in saying that Sean's performance has been nothing less than superlative. His knowledge of defense programs and our security requirements are highly regarded and no one understands the defense budgeting process better. He is well known and respected by Members on both sides of the aisle and on both sides of the Capitol, and I personally value his advice and judgment.

Mr. Chairman, all of us who have oversight responsibilities for the Department of Defense understand all too well the burdens that the next DOD Comptroller will have to wrestle with. He will have to be able to hit the ground running—he must know the issues and the players, and be forthright and creative in assessing the difficult trade-offs required in the face of fiscal constraints. Sean O'Keefe meets all these tests.

I have every confidence that he will do an outstanding job, and I would urge your favorable consideration of his nomination.

Chairman NUNN. So, you come accompanied by two outstanding members of the Senate that have great respect from this committee, and we are delighted to have them here today to introduce you. I am going to let the members of the Appropriations Committee decide who goes first today. Far be it for me to get involved in your protocol. [Laughter.]

Whether it is seniority or party——

Senator JOHNSTON. Mr. Chairman, I will let age go first.

Chairman NUNN. Senator Stevens, are you the appropriate one under that criterion? [Laughter.]

STATEMENT OF HON. TED STEVENS, A U.S. SENATOR FROM THE STATE OF ALASKA

Senator STEVENS. I will accept the age qualification, not gracefully, but I will accept it. [Laughter.]

Thank you very much, Mr. Chairman. I know that you know that my appearance here today is with mixed emotions because we are losing from our committee staff Sean, whose entire professional career has been one of dedicated public service, but I also have a mixed emotion based upon pride of seeing a person who has worked with us for a long time go on to a position in his own right. And I think he will have a tremendous career at the Department of Defense.

There is also a personal sense of loss because Sean brought to our staff experiences from the Presidential Management Intern program at the Department of Defense. He has served with Senator Johnston. He served the Appropriations Committee, as you mentioned, for a number of years. He was staff director of that subcommittee, and I do not think that there is any person who has been nominated for the Department of Defense that brings stronger qualification for the post that he has been nominated for than Sean O'Keefe.

He has an understanding of the entire budget. He knows of the budget dilemma that you mentioned, and I think is one person that has the background and ability to meet that challenge. He also has experience in terms of his dealing with the Congress that I think will be invaluable to the new Secretary of Defense, both in here and the Senate and to the appropriations conference process with leading members of the defense community in the House.

He has the integrity and dedication to public service that it takes to move into a position like this. We have mentioned my age, let me mention his. He is a rare bird. He is a fairly young man to be moving into a position of this type and to be welcomed by everyone concerned as being qualified for that. He is not an Alaskan. Senator Johnston will speak of his cultural heritage.

I have tried my best to make him Alaskan. [Laughter.]

And I have taken him to my State quite often, but I think he had more interest in the marine research there than he did in defense matters in Alaska. [Laughter.]

I do thank you, Mr. Chairman. And I see our distinguished colleague, the former president pro tem and our senior member coming in. I think that you here on the Armed Services Committee know that Sean has worked untiringly to attempt to eliminate the differences between our committees and to unite the forces that support defense and try to understand defense problems in the Senate. I think he has a position of public trust now coming up that will mean a great deal to those of us who do seek a sound defense for our country.

And if there is anyone who knows how to crunch numbers and make them meaningful to people who have tried to understand them, Sean can do that. I would only add this, I share your point of view about this position in the fact that it should have been Assistant Secretary level. And I do hope that we will address that again. This whole concept of having numbers we can all trust I think really is going to come back to the Department of Defense before we are through and someone has to take the lead in trying to bring the OMB, the CBO, GAO, and Department of Defense into the same framework as far as understanding the impact of the monies we make available for defense.

Again, I think Sean can take with him a depth of understanding and knowledge of the background and will help us achieve some common understanding of what we are dealing with. So, it is with great pleasure and sadness that I say, take him. [Laughter.]

Chairman NUNN. Thank you very much, Senator Stevens. And I share your assessment of our nominee, having dealt with him personally. He is a very tremendous talent, and he has had a great deal of experience. And he is extremely well qualified for the position, subject to answering a few questions that we may have.

Senator Johnston.

STATEMENT OF HON. J. BENNETT JOHNSTON, A U.S. SENATOR FROM THE STATE OF LOUISIANA

Senator JOHNSTON. Thank you, Mr. Chairman. Mr. Chairman, I feel a real proprietary interest in Sean O'Keefe. First, because he is a New Orleans product, educated there, with an undergraduate degree as Loyola University. His greatgrandfather was mayor of New Orleans. His uncle served with me in the Louisiana Senate and became President of Louisiana Senate. He got his start, of course, up here as a Presidential Management Intern and then with OMB through the Naval Sea Systems Command.

At that time, he came to work for me as an intern. So I really take credit for having discovered him. And he did really outstanding work for me at a very, very young age at that time. He was drafted to work for Senator Stevens in 1981 and then, of course, at the age of 30 in 1986 became Chief Counsel to the Defense Appropriations Subcommittee, which is an incredibly young age to be Chief Counsel for the biggest bill that the Appropriations Committee does.

He is a very loyal person. After he left me and went to Senator Stevens, he was willing to keep me advised at all times about what Senator Stevens was doing. [Laughter.]

Chairman NUNN. That must have confused you. [Laughter.]

Senator JOHNSTON. I was thoroughly confused and I told him, do not change a thing. [Laughter.]

Really, Mr. Chairman. I have a certain reverence for career staffers around this place. I mean, most all staffers that work in the Senate are bright and capable and all that, but I have a certain reverence for the career people who stick around and make a life of running the place around here and telling us what to do. Sean is one of the best of those. And it is a mark of a career staffer that not only do they know their areas by heart and can give you sound advice, but most career staffers I find have a level of integrity which puts them apart as a real professional.

And that is what Sean can do. He can be involved in tough, difficult fights where there is an adversarial relationship within the bosses and yet keep a relationship with other staff and with other Senators of complete candor, complete trust, total credibility. And that will be very, very important with the Department of Defense, as it is represented by Sean when he comes up here on the Hill.

If Sean tells us something, you will not have to look behind that. And you know how the relationship is sometimes with the Department of Defense. It is not that people lack integrity, but they do not have that relationship that the career staffers around this place routinely maintain. So when I tell you that Sean O'Keefe is skilled and capable and knows the systems and knows about defense, you know that is true because Ted Stevens would not have made him head of the committee.

But I can tell you, in addition to that, it will be a very good relationship from the standpoint of your committee, from the standpoint of our committee, of having somebody who not ony knows, who will tell it loyally to DOD, of course, but candidly and with great credibility. So, Mr. Chairman, although he does not work for me now in a direct sense, I feel that same sense of sadness that Ted

Stevens does about him leaving. But he leaves in another relationship where he will still be part ours. And I hope he will continue to keep us advised about what DOD is doing, as well as what Senator Stevens is doing. [Laughter.]

Seriously, I think we have a very good choice.

Chairman NUNN. Thank you very much, Senator Johnston. Senator Thurmond, I have made a brief opening statement, and Senator Stevens has introduced Mr. O'Keefe, so has Senator Johnston with very glowing praise. We would be glad to defer to you for any comments you would like to make and then we will turn it over to Mr. O'Keefe. I know that Senator Stevens and Senator Johnston have other things to do and we welcome them to stay as long as they would like, but if you have other things to do, we also understand that.

We thank both of you very much for being here.

Senator STEVENS. Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you, Mr. Chairman.

Senator THURMOND. Mr. Chairman, I join you in welcoming Mr. O'Keefe as a President's nominee to be the Comptroller of the Defense Department. Mr. Chairman, I also want to congratulate you for the timely manner in which you and this committee are considering these nominations.

Mr. O'Keefe, your superb reputation is well known throughout this committee, although you were born about 14 months after I came to the Senate. [Laughter.]

I am pleased that the President and Secretary Cheney have selected you for this critical position, and I am sure you will fill the job well and I would be very pleased to support you.

Chairman NUNN. Mr. O'Keefe, it is your turn now. We would be delighted to hear from you with any opening comments you would like to make, and then we will have questions.

STATEMENT OF SEAN C. O'KEEFE, OF LOUISIANA, COMPTROLLER—DESIGNATE OF THE DEPARTMENT OF DEFENSE

Mr. O'KEEFE. Thank you, Mr. Chairman. I appreciate that very much. Senator Thurmond, thank you for your kind remarks. I am particularly appreciative to Senator Stevens and Senator Johnston for appearing here this afternoon. This is a very special day.

Mr. Chairman, it is an honor to appear before you and I am deeply appreciative of your expeditious efforts to schedule a session for consideration of my nomination to be Comptroller of the Department of Defense. At the risk of understatement, let me say that this is a very special day for me and my family. And I thank you, Mr. Chairman, for inviting my wife, Laura; daughter, Lindsey; and sister, Shannon, to join me here.

Throughout my public service experience, it has been pointed out to me how brief that is, relatively speaking, Laura has unfailingly tolerated my time consuming dedication to this profession. She is not unfamiliar with the Congress' proclivity for late sessions and long conferences, and she has put up with a great deal of problems with me. I apologize in advance for what may prove to be a continuation of that same malady.

If confirmed, I hope to bring to this job the unique perspective afforded me by the service of the Congress over the past 8 years as a member of the Senate staff. And that perspective has largely been influenced by so many people here this afternoon. In particular, Senator Stevens has been a sage mentor and a grand friend. He has treated me and my family as if we were members of his own family. That is a very special privilege and I will always be indebted to him for it.

I am truly honored to be the President's nominee, and if confirmed, I am most anxious to be an active member of Secretary Cheney's team. The challenges facing the national security agenda during the coming years of the Bush administration are daunting by any one's standards. And, if confirmed, I will do my best to contribute meaningfully to the President's program. As in the past, I look forward to the opportunity to work with this committee in particular and its able staff led by my friend, Arnold Punaro and my friend, Pat Tucker.

I have always admired their professionalism and value their friendship. I look forward to working closely with the relationship we have had over the past several years. And I thank you, Mr. Chairman, for your courtesies. You are very kind.

Chairman NUNN. Thank you, Mr. O'Keefe. I have a few questions, and then I will rotate over to Senator Thurmond.

I know you have been following the process with the budget. The Congressional Budget Office estimates the Department's amended budget will meet the budget authority target of $305.5 billion from the bipartisan budget agreement, but will exceed the administration's outlay target of $299.2 billion by $3.8 billion

In other words, BA seems to be in line, but the outlays are $3.8 billion over, according to CBO. I have two or three questions. One, do you believe that Congress is bound to live with the CBO outlay estimate and second if you do, based on your present experience, what do you believe that both the Department and the Congress can do about closing this $3.8 billion gap?

Mr. O'KEEFE. On the first matter, I believe the budget committees have been very specific that they intend to adhere to the Congressional Budget Office estimates for the purposes of determining compliance in appropriations bills for the coming year, as well as for 1991. At this point, Mr. Chairman, if you would permit me, I have a chart that I would like to submit for the record that demonstrates—this is not a malady unique to defense. Apparently there is a grave difference between the CBO and OMB outlay estimate on every function of the Federal Government.

Chairman NUNN. We will put that in the record, without objection.

[The information follows:]

COMPARISON OF FISCAL YEAR 1990 OUTLAYS BY FUNCTIONS

[Dollars in billions]

	Bush budget	CBO estimate of Bush budget	Difference	Percent difference
National Defense	300.4	303.9	+3.5	1.2
International Affairs	17.2	17.3	+0.1	0.2
General Science Space and Technology	14.9	14.8	−0.1	0.4
Energy	2.6	3.4	+0.8	29.3
National Resources and Environment	14.4	16.5	+2.1	14.5
Agriculture	15.5	14.4	−1.0	6.6
Commerce and Housing Credit	5.1	28.8	+23.7	460.5
Transportation	29.1	28.9	−0.2	0.7
Community and Regional Development	6.3	6.3	+0.1	0.6
Education, Training, Employment	36.2	36.8	+0.6	1.7
Health	53.6	54.2	+0.6	1.0
Medicare	94.8	95.7	+0.9	0.9
Income Security	138.3	141.5	+3.3	2.4
Social Security	246.6	249.0	+2.3	1.0
Veterans Benefits and Service	29.5	29.0	−0.5	1.8
Administration of Justice	10.3	10.2	−0.1	0.5
General Government	9.8	9.9	+0.1	0.9
Net interest	173.1	181.0	+7.9	4.5
Allowances	−0.3	−0.3		
Undistributed offsetting receipts	−40.6	−38.2	+2.4	6.0
Total	1,156.8	1,203.1	+46.4	4.0

Chairman NUNN. What is the total of that? We have $3.8 billion in defense according to our members. What is the total for the Government?

Mr. O'KEEFE. It is $46.4 billion Government-wide. In the commerce and housing credit area alone, the variance is $23.7 billion and so the maladies that we see between the two estimated techniques—are extensive.

Chairman NUNN. That is not a 1 year?

Mr. O'KEEFE. Yes, that is for fiscal year 1990.

Chairman NUNN. Does that include the savings and loan?

Mr. O'KEEFE. The commerce and housing credit variance is about half of the difference. So even if you look at the balance, defense comprises approximately 10 percent of the variance that exists between OMB and CBO, Government-wide. But it is a standard expression of the budget committees to adhere to the CBO scoring principles.

They will instruct, as I understand it, the Congressional Budget Office to score bills as they have in the past that come from the Congress on appropriations using the same estimating techniques that they used in the past. And that will be the guidance in terms of determination of compliance with targets contained in the budget resolution. As to the second part of the question, in terms of what can the Department do, I have not extensively discussed that with anybody in the Defense Department. Surely there are some ideas that are kicking around in the press as well as in the committees. It is something I would look at as a very first order of priority for fiscal year 1990, if confirmed. For 1991, I think there are some technical areas that we can help amend or adjust between the various estimating houses, between CBO and OMB, if we put our minds to it. I think that would be far in advance of when the fiscal year 1991 budget would be submitted.

Chairman NUNN. Well, we look forward to working with you on that one. It is a difficult problem and we are going to have to, well, have to struggle with it. If you have suggestions as we go along, we would certainly welcome those.

Mr. O'Keefe, last week the Comptroller General, Mr. Bowsher, told the committee that the current 5-year defense program may be understated in the out years by as much as $50 billion because of unrealistic inflation assumptions. He pointed out that the out years of the 5-year defense plan are based on inflation factors as low as 1.7 percent. Do the inflation factors in the out years serve to underestimate the true cost of the program? And, if so, are we getting ourselves in the unrealistic and dangerous situation that we were in in the 1970s, as a matter of fact, by underestimating inflation and, thereby, underfunding defense?

Mr. O'KEEFE. I think the problem we are looking at in that area is cyclical. As you correctly noted, in the late 1970s there was a very profound concern that we had understated inflation estimates. In the early 1980s, Congress worked in the exact opposite direction as it pertained to defense inflation estimating. We felt there was an excessive estimation by DOD as to what the inflation projection would be.

As a practical matter, though, as far as the Comptroller General's testimony, I have just glanced through it recently, and I understand he just delivered it, not more than a few days ago. My knowledge of what he suggested and what his auditors have determined, is derived strictly from what I have read in the newspapers as well as in his testimony.

I note there is a disagreement between the Congressional Budget Office and OMB as to the inflation estimates for the next 5 years. The Congressional Budget Office seems to believe that $50 billion would have to be added to the defense profile for 1991 through 1994 based on their estimating techniques. And, so again, I think we have the same problem that we discussed a moment ago with the variances between estimating techniques of the two branches.

I will put this on a priority list to attempt to reconcile and understand where those variances exist.

Chairman NUNN. Thank you. The other questions. One, if confirmed, will you agree to provide information to congressional committees, including this committee in a timely, even handed, and bipartisan manner?

Mr. O'KEEFE. Yes, sir.

Chairman NUNN. A second question. Do you support a 2-year budget for the Department of Defense? And, if so, do you make a distinction between authorization and appropriation?

Mr. O'KEEFE. As far as support for a 2-year budget, I think the premise behind gaining any support in Congress, and particularly, in the administration, is that the absence of a top-line agreement beyond 1 year mitigates against fulfillment of that objective. As far as distinctions between a 2-year authorization and 2-year appropriation? Absolutely not, sir. I think that would have to go hand-in-hand.

But, in order to achieve that first objective, something along the lines of the 1987 Summit Agreement reached in November of that year to extend beyond the 1-year annual budget request or the budget consideration within Congress would be necessary to fulfill the very efficiencies this committee has been in the forefront of arguing for for several years now.

Chairman NUNN. Do you believe that it is possible for the Appropriations Committee to adopt a 2-year framework at some point for a number of their appropriations?

Mr. O'KEEFE. Again, my personal view——

Chairman NUNN. That is what I am asking.

Mr. O'KEEFE. I think that can be obtained if there is a top-line agreement for more than just the annual budget cycle. And I think that is the lion share of the problem as to why Congress or the Appropriations Committee, in particular, has been reluctant to go beyond that. As a minor issue or subset, there is a skepticism of the credibility of estimates beyond a year. Assuming that the estimates are developed in the summer of the year and submitted in January of the following year, intended to take effect 18 months hence, there is a natural skepticism among the members of the Appropriations Committee as to the quality of the numbers. Having said that, if there was an agreement on a top-line basis, exactly what Congress and the administration would adhere to, most of those objections, I believe, personally, would be overcome.

Chairman NUNN. Well, that sounds reasonably encouraging. Let me ask one other question. Is it your understanding that Secretary Cheney will continue to follow the same procedures for fiscal year 1990 as are in effect for fiscal year 1989, with respect to requesting the Armed Services Committees prior review and approval for funds appropriated for any Defense Department programs in excess of the amounts authorized for such programs?

Mr. O'KEEFE. Yes, sir, that is my understanding.

Chairman NUNN. Thank you.

Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman. Mr. O'Keefe, Secretary Cheney has testified that there needs to be more realism and stability in DOD's planning and budgeting process. Could you tell the committee how you would envision implementing this realism as to those two?

Mr. O'KEEFE. As a direct answer, sir, I would say that I will follow the direction of the Secretary of Defense and the manner in which he sees the realism. In terms of my advice to him, on a personal basis, I think it is a subjective call. Clearly resolving the problem that Chairman Nunn mentioned earlier as it pertains to the constant disagreements between the Office of Management and Budget and the Congressional Budget Office would be a priority that I think would help the Secretary be able to address a realistic out year program. Once we are able to accomplish that first objective of reconciling the estimating differences.

Senator THURMOND. Thank you. That is all the questions I have.

Chairman NUNN. Thank you, Senator Thurmond. Are there any other questions? We are going to try to vote on three nominations here in a few minutes, but I do not want to cut anyone short. Are there any other questions?

Senator **WARNER**. Mr. Chairman, I would simply like to add my personal endorsement. I have had the privilege of knowing this fine American for a number of years and worked with him. I have not agreed with him at all times, but I am of the view that those few times when there was disagreement, he was quite properly representing the positions of another member of this body for whom I have unlimited respect, but also differ with on occasion. It was a good team that you had with Senator Stevens.

And I might also add that on occasion I visited with Senator Stennis, and Senator Stennis had a very high personal and professional regard for you. And from those of us who were privileged to work with him in any capacity, it is a long and valued experience, and I know you share that.

Mr. **O'KEEFE**. Yes, sir.

Senator **WARNER**. I only wish he were here today to see "one of his boys," as he referred to those of us that worked under him, come forward and take on this responsibility. If you are confirmed, which remains in doubt, but if you are—[laughter]—you might just drop him a line.

Mr. **O'KEEFE**. Yes, sir. I will do that. You are most gracious. Thank you very much for your comments.

[The prepared statement of Senator Warner follows:]

PREPARED STATEMENT OF SENATOR JOHN WARNER

Mr. Chairman, I join with you in welcoming Mr. O'Keefe before the committee today.

It gives me special pleasure when we have the opportunity to consider the nomination of "one of our own" to assume a Presidentially appointed office in the Department of Defense. And while there may have been times during the past eight years when some of us on the Committee found ourselves in slight disagreement with the positions being taken by Sean, especially with respect to that dreaded subject of "unauthorized appropriations," I think we all recognize that Sean was a most tenacious and effective advocate of the views of the members who he served. There can be no greater measure of the performance of a Senate staff member than the degree to which he represents the views of the members he serves. By doing so, he serves the Senate as a whole and truly does become "one of our own." Sean O'Keefe really is one of us.

Sean will bring a unique knowledge to the job of Comptroller. His experience on the Senate Appropriations Committee gives him the understanding not only of how the defense budget is put together, but also how it is torn apart as a part of the Congressional Review. I do not mean that in a derogatory sense at all. It is a valid and necessary review of that budget which Congress conducts. But by being intimately knowledgeable about the manner in which Congress conducts its defense budget work, I think Sean will be far better able to assist in the preparation of the budget for the Secretary of Defense.

Once again, congratulations on your nomination. I look forward to working with you in the coming years.

Chairman **NUNN**. Senator Exon.

Senator **EXON**. Mr. Chairman, I have no questions for Mr. O'Keefe. I am very much interested with his background. I have seen him operate in his previous positions and I think he is highly qualified for this position. I appreciate, very much, the questions that have been asked and some of the things that have been clarified. I am looking forward to not only supporting him for this good nomination from the executive branch, but also look forward to working with him on a mutual basis in years to come.

Mr. **O'KEEFE**. Thank you, Senator Exon, that is very kind.

Chairman **Nunn**. Mr. O'Keefe, thank you very much for being here. We wish you the best of luck. We are going to try to exceler-ate this as much as we can.

[Whereupon, at 3:05 p.m., the committee adjourned.]

[Prepared questions submitted to Sean O'Keefe by Senator Sam Nunn prior to the hearing follow:]

May 17, 1989.

Hon. Sam Nunn,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: Enclosed are my responses to the questions forwarded in your letter of May 16.

I appreciate your efforts to schedule a hearing as soon as possible and look forward to the opportunity to discuss these important issues with you and the Committee.

Sincerely,

Sean O'Keefe.

Enclosure.

MOST SERIOUS PROBLEMS

Question 1. From your previous service in the Defense Department and your current service on the staff of the Appropriations Committee, what do you consider to be the most serious problems in the management and operation of the financial management activities of the Department of Defense? What management activities and timetables would you establish to address these problems?

Answer. If confirmed, one serious problem that I would address as a matter of priority is resolving the problem which leads to budget authority and outlay mismatches. DOD needs to work more closely with the Office of Management and Budget, CBO and the Budget, Armed Services and Appropriations Committees to reach agreement up front concerning the outlays inherent in proposed DOD budgets and the outlay effect of changes to those budget levels. I'm convinced that a resolution to this issue will help solve problems which Congress and the Department have been forced to grapple with over the last several years.

I am aware that the Department of Defense is working hard to improve its financial management operations. The Department's long-range goal is to reduce the number of accounting systems to a handful within 4 years, all in compliance with GAO standards. If confirmed, I would do my best to achieve that goal.

The Prompt Payment Act of 1982 requires federal agencies to pay on time for goods and services purchased and automatically pay interest penalties to vendors for late payments. A recent amendment required improved performance from DOD in its vendor payments. This new standard must be pursued and met.

RESPONSIBILITIES TO THE SECRETARY OF DEFENSE

Question 2. Should you be confirmed as Comptroller of the Defense Department, what would you view as your principal responsibilities to the Secretary of Defense?

Answer. My most important concerns will be with developing a well thought out budget and program, advising the Secretary and the Deputy Secretary on what I think is the most efficient use of Defense resources to accomplish his objectives, ensuring that budgets are executed according to the law and seeing to it that effective financial management policies are in place throughout the Department.

In addition, I would advise the Secretary of Defense on general management improvement programs, including the Department's management agenda. If confirmed, I will, of course, carry out the principal functions of the Comptroller that are set forth in law (Section 137 of Title 10, United States Code).

ASSISTANT SECRETARY OF DEFENSE

Question 3. Section 137 of title 10, United States Code, requires that there be a Comptroller of the Department of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate. Section 137 does not, however, require that the Comptroller position be designated as an Assistant Secretary of Defense.

Will you be designated as an Assistant Secretary of Defense if confirmed as the Comptroller? If not, what will be your status? Do you believe that this is sufficient to carry out the comptroller functions of the Department, which are critical not only to the financial integrity but also to civilian control of the Department of Defense?

Answer. If I am confirmed, I will hold the statutory position of Comptroller of the Department of Defense. The unique Comptroller position is the full equivalent in every respect of the 11 Assistant Secretary of Defense positions and is clearly understood as such within the Department. To the extent that some have concerns about "clout," it should be clear that clout ultimately comes from the backing of the Secretary and Deputy Secretary—and I will, if confirmed, have their full backing and support in carrying out the duties of Comptroller.

AUTHORIZATION FOR NATIONAL DEFENSE PROGRAMS

Question 4. Does the Department of Defense consider the report accompanying the annual defense authorization bill equally authoritative as the report accompanying the annual defense appropriation bill?

Answer. Yes.

Question 5. In each of the past four years the Secretary of Defense has identified all programs, projects and activities where the amounts appropriated to the Department of Defense exceed the authorized level, and he has written to the Armed Services Committees to get a resolution of these differences. Does Secretary Cheney intend to continue this practice and, if so, will you support it and ensure that the Comptroller organization fully implements this policy?

Answer. It is my understanding that the Secretary of Defense will continue to follow the same procedures for fiscal year 1990 as are in effect for fiscal year 1989.

TWO-YEAR BUDGET

Question 6. Do you support a 2-year budget for the Department of Defense? What steps would you take to encourage the Congress to enact a 2-year appropriation bill, as well as an authorization bill for the Department of Defense? Why do you believe the Appropriations Committees have been reluctant to support the 2-year approach?

Answer. Yes, I believe that biennial budgeting could provide an opportunity to improve current budget formulation, review and execution. Clearly, the November 1987 Bipartisan Budget Agreement demonstrated the kind of positive effect that accrues from topline stability. Enactment of fiscal year 1989 authorization and appropriation legislation proceeded in a much more orderly manner because of the topline agreement for fiscal year 1989.

As a practical matter, achievement of topline agreements between Congress and the administration is an essential ingredient to achieving the stability afforded by a biennial budget.

FIVE-YEAR DEFENSE PROGRAM

Question 7. Two years ago, Congress enacted a provision requiring the Department's 5-Year Defense Program (FYDP) to be transmitted to the Congress after the budget is submitted. If confirmed, will you personally ensure that the FYDP is provided to Congress on a timely basis? Will you also ensure that it is provided to the General Accounting Office so it can carry out its work in support of the Committee?

Answer. Yes. Timely and accurate completion of the budget and supporting documents are one of the Department's highest priorities. If confirmed, I will work to ensure that the legislative branch receives the copies needed by the Committee and GAO expeditiously.

Question 8. Two years ago, when the Department of Defense submitted its first biennial budget, that budget was based on a 5-Year Defense Program that actually exceeded the President's approved budget topline by over $100 billion. When the President's biennial defense budget totals were reduced in the November 1987 Budget Summit, the difference between the FYDP and the budget grew to $300 billion. Yet the FYDP, which is important for planning and resource allocation within the Department of Defense, was not updated to reflect fiscal reality.

In your view, can we achieve coherent long range planning in the Department of Defense if a FYDP that does not reflect current policy is allowed to stand unchanged over a 2-year period?

Do you believe the resource totals in the FYDP should match the overall levels in the President's budget submission?

The 5-Year Defense Program submitted to the Congress in January of this year was prepared by the Reagan administration in support of their budget request. Will the Bush administration prepare a new FYDP that reflects its own strategy and budget priorities and submit that FYDP to the Congress as well? When would a revision to the FYDP be completed?

Answer. Coherent long range planning can best be achieved from a stable topline. Since bipartisan budget summit agreements have addressed no more than 2 years, there are typically no agreed upon outyear toplines between the administration and the Congress upon which to base revisions to the outyear plans. Absent such agreements, FYDP changes inject turbulence, not stability, into programs without any certainty that the revised program plans will remain unchanged for very long. If confirmed, I will consult with the Assistant Secretary for Program Analysis and Evaluation for assistance in making outyear adjustments in the face of uncertainty concerning outyear toplines.

If confirmed, I will work to ensure that documents such as the Budget of the United States Government, FYDP, Congressional Data Sheets, and other budget justification materials are consistent.

The DOD is presently developing a FYDP to support the budget submitted by President Bush. The FYDP and related annexes to the FYDP should be available in final form within a few weeks.

GRAMM-RUDMAN-HOLLINGS SEQUESTER

Question 9. As you know, in the event of a sequester under the Gramm-Rudman-Hollings legislation, half of the outlays required to meet the deficit target would come from National Defense programs. In your view, what would be the impact on National Defense programs of a sequester, either with an exemption for Military Personnel or without such an exemption?

Answer. The fiscal year 1990 Defense budget marks the 5th consecutive year of declining real growth in defense budgets. The budget summit agreement of April 14, 1989 reduced the fiscal year 1990 defense budget by $10 billion from the January request. A number of hard choices had to be made involving cuts in all areas of the defense budget as clearly manifested in the budget amendment recently submitted to the Congress. A sequester, coming on the heels of the reductions made in the amendment, would have severe and disruptive impact.

Since a sequester could only occur if the deficit exceeds the target by $10 billion (the amount of the statutory "cushion"), the minimum sequester would be $5 billion in national defense outlays and $5 billion from nondefense outlays. If the military personnel accounts are not exempt, this would result in a sequester of $8.9 billion in budget authority, or −3.9 percent real growth from the fiscal year 1989 enacted level. If the military personnel accounts are exempted, this would result in a sequester of $11.4 billion in budget authority, or −4.5 percent real growth.

Under either scenario, an automatic sequester in fiscal year 1990 would seriously disrupt the Defense program. If personnel are protected, reductions would fall heavily on the O&M accounts, sharply reducing readiness and on R&D and quality of life programs. The defense modernization program, already delayed by budget reductions, would suffer further damage.

DEFENSE DEPARTMENT OUTLAYS

Question 10. In the November 1987 Budget Summit, the Congress and the President reached a two year agreement on budget authority and outlay targets for National Defense covering fiscal years 1988 and 1989. While the appropriation bills for both years were at the agreed budget authority levels, outlays for fiscal year 1988 exceeded the agreed level by $5 billion, despite the spending freeze imposed by Deputy Secretary Taft last summer. For fiscal year 1989, the administration is predicting outlays will exceed the summit target by $4.3 billion.

In your view, does this record indicate that it is unrealistic to think that defense outlays can be "managed" to stay under desired target levels? What do you think accounts for this discrepancy between the outlays we expect when a bill is signed and the outlays that actually occur?

Answer. It is unrealistic to think that Defense can fine tune its outlays with precision to stay under the November 1987 Budget Summit outlay targets. While fiscal year 1989 Defense outlays are up from the amounts in the budget summit agreement, fiscal year 1989 outlays for domestic programs are up substantially more than those for Defense, so it is clearly a Government-wide issue rather than a Defense-specific issue.

The rise in Defense outlays is primarily due to a rise in outlays for operating and personnel programs and research and development. These changes are caused by the absorption by Defense in fiscal year 1989 of a number of relatively high spend-rate programs such as the 2.1 percent civilian pay increase, a substantial increase in foreign currency payments associated with unfavorable currency rates, increases for utilities, transportation and general support, and higher military personnel benefits. These fast outlaying programs have been financed in part by cutbacks in slower outlaying programs.

Question 11. From your service on the Appropriations Committee staff, you understand that Congressional Budget Office (CBO) outlay estimates will be used in scoring the DOD Authorization and Appropriations bills this year. What can be done to resolve the difference between DOD/OMB and CBO outlays for the Defense budget for fiscal year 1990? What can be done to meet the outlay target for fiscal year 1990 in the Bipartisan Budget Agreement if CBO outlay estimates are used?

Answer. It should be no surprise that two independently developed outlay estimates of a program as diverse and complex as the Defense program are 1.3 percent apart. There are many variables that can affect the timing of expenditures, and estimates must be considered to be just that—estimates—not an absolute, precise calculation.

As indicated by the Secretary and Deputy Secretary in hearings before various committees, including this one, DOD wants to work with the Congress to resolve the problem. If confirmed, I plan to devote special effort to resolving the differences between the estimating techniques.

If the CBO estimates are used this year, there could be some unfortunate rearrangements of the Defense programs through reductions in fast spending areas and increases in slower spending areas. In previous years, the Congress has been forced to make budget decisions driven by outlay considerations in order to comply with resolution targets. The irony is that such changes do not have a beneficial impact on the deficit in the long run and can be very harmful to Defense.

EFFICIENT PRODUCTION RATES

Question 12. Do you believe that inefficient procurement stretchouts are a reasonable way to meet tight defense budget toplines? As a member of the Defense Resources Board and the Defense Acquisition Board, would you be an advocate for efficient production rates? Do you believe that we should terminate lower priority procurement programs in order to make room for efficient production rates on high priority systems?

Answer. In order to obtain the maximum return on our Defense investment, weapon systems should be procured at economic production rates. Efficient production should be maintained by deferring high technology new starts that are vulnerable to program slippage and by terminating lower priority programs, consistent with defense needs.

It must also be recognized that stretchouts may be appropriate if an ongoing system encounters technological or reliability problems, a capability upgrade is anticipated in a subsequent fiscal year, or that procurement may be out of phase with the required need date.

Based on these considerations, if confirmed, I would expect to be a strong advocate of efficient production rates in all DOD forums.

RELATIONS WITH CONGRESS

Question 13a. The liaison between DOD and the Appropriations Committees is currently carried out through the Office of the Assistant Secretary of Defense (Comptroller) and each of the budget offices of the Military Services, not through the Assistant Secretary of Defense for Legislative Affairs. Do you believe this arrangement allows the ASD(LA) to function as the "principal staff assistant to the Secretary of Defense for DOD relations with the Members of Congress" as specified in DOD Directive 5142.1?

Answer. The Assistant Secretary of Defense (Legislative Affairs) is the principal staff assistant to the Secretary of Defense for DOD relations with the Congress. Through the years, the Appropriations Committees and the Comptroller organization of the Defense Department have traditionally relied on the budget liaison function for the purpose of transmitting budget-unique information. Close coordination between the Assistant Secretary of Defense for Legislative Affairs and the Comptroller will help ensure a smooth relationship between the Secretary and the Congress.

Question 13b. Does the fact that there are two separate offices in OSD dealing with the Congress create coordination problems? In your view, should this separate relationship between the Appropriations Committees and the OSD Comptroller and Service budget offices be continued, or should all DOD legislative liaison activities

be consolidated under the ASD(LA) and the legislative liaison offices of the Military Services?

Answer. A close working relationship between the ASD(LA) and the Comptroller will help to ensure that information requested by Congress is timely, accurate and consistent with DOD policy. If confirmed, I will work closely with the ASD(LA) and ensure that my staff works closely with the ASD(LA) staff.

The same sort of close cooperation among the ASD(LA) and the service legislative liaison offices is necessary.

Question 13c. What relationship do you plan to establish between your office and Appropriations Committees if you are confirmed as Comptroller?

Answer. If confirmed, I plan to continue the excellent cooperation that the Comptroller office has enjoyed over the years with the Armed Services Committees and the Appropriations Committees.

Question 13d. What relationship do you plan to establish between your office and the Armed Services Committees? Will you commit to ensure that the Authorizing Committees are given access to the same information that is available from your office to the Appropriations Committees?

Answer. The DOD Comptroller organization has had a good working relationship with the Armed Services Committees and Appropriations and I do not foresee that spirit of cooperation changing. It would be my intention to provide access to the same information to any of the committees of defense jurisdiction.

COMPTROLLER ROLE IN FORMULATING NATIONAL DEFENSE POLICY

Question 14. What role, if any, do you foresee for the Comptroller in the formulation of national defense policy?

Answer. The Comptroller is the Chief Financial Officer of the Department of Defense and, as such, is the principal advisor to the Secretary on budgetary and fiscal matters and information resources management. Assisting the Secretary and Deputy Secretary in identifying the appropriate level and mix of defense resources and the effective formulation, presentation, and execution of defense budgets is integral to the successful development and execution of national defense policy. Thus, the Comptroller's role in the formulation of national defense policy derives from the responsibility to develop and administer the planning, programming, and budgeting system of the Department.

PERSONAL PERSPECTIVE

Question 15. Can you describe for the committee the perspective, outlook, and personal qualifications you would bring to the job of Comptroller if confirmed?

Answer. By virtue of prior experience in the Defense Department, complemented by my Senate staff tenure, I have a working familiarity with the Comptroller functions and responsibilities. Most importantly, I have had the privilege to work with extraordinarily competent staff in the Comptroller organization, and I am well acquainted with their dedication to public service professionalism.

If confirmed, I hope to bring to the position an appreciation for the defense needs and resource constraints under which both the Congress and the Administration must operate. The national security challenges in the coming years will require a close working relationship between Congress and the Administration on defense issues. I hope to play a useful role in forging the relationship.

CONGRESSIONAL REPORTS

Question 16. What role does the Comptroller play in the preparation, review, and timely submission of reports required by Congress, congressional committees, and Members of Congress? What problems do you understand exist in this area, and what steps would you take to correct them?

Answer. In April of 1975 the Assistant Secretary of Defense (Comptroller) signed a memorandum establishing a positive control system to assist in the timely preparation and submission of reports to the Congress.

Immediately upon release of any Congressional Armed Services, Appropriations, or Budget Committee Reports, a preliminary review is made to identify all potential requests for a one-time or periodic report. This is followed by a meeting to establish final responsibility for submission of the various reports. Once assignments are agreed to, a memorandum is published designating the office of primary responsibility for the preparation, coordination and submission of the specific report. A data base containing each requirement is then developed and updated monthly to ensure that reporting due dates are met. The follow-up process is continued until the requirement is satisfied. This is illustrative of the type of cooperative effort that exists between the Assistant Secretary of Defense (Legislative Affairs) and the Comptroller and which I certainly intend to continue.

The primary problem is the increase in the number of congressional reporting requirements. This committee's effort in PL 99-433 to reduce this burden was a move in the right direction, but unfortunately the number of reports remains high.

ACQUISITION POLICY

Question 17. The Under Secretary of Defense for Acquisition believes that the Defense Contract Audit Agency should be located under his office, rather than under the Comptroller, to ensure consistency in acquisition policy and to reduce duplicative oversight. What are your views?

Answer. The mission of the contract auditors is to provide independent financial advice and opinions to acquisition officials on cost statements submitted by contractors. The organizational independence of contract audit is essential in preserving an environment in which the auditor determines the scope and depth of the audit evaluation. An erosion of this organizational independence could reduce the confidence in the integrity and objectivity of audit results.

It is the maintenance of the professional independence that is crucial to the effectiveness of the auditing function—not necessarily the identity of the particular OSD office to which it reports.

I am not aware of any difficulties with DCAA which should be corrected by locating the organization differently than exists today.

Question 18. What is the Comptroller's relationship with the Under Secretary of Defense for Acquisition in the establishment of contractor financing policies, such as profit policy, special tooling policies, progress payment rates, and cost-sharing policies?

Answer. To the extent that budget or financial management considerations are involved in these matters, the Comptroller organization participates fully as these policies are developed and coordinated within the Department.

CINCSOC BUDGET DEVELOPMENT AND EXECUTION AUTHORITY

Question 19. In January of this year, then-Acting Secretary of Defense Taft issued a directive assigning budget development and execution responsibilities to the Commander-in-Chief of the U.S. Special Operations Command (CINCSOC). Should you be confirmed, will you ensure that CINCSOC receives the support necessary to effectively carry out these responsibilities?

Answer. Yes, if confirmed, I will ensure that CINCSOC receives that support.

REPROGRAMINGS

Question 20. Will you as Comptroller ensure that the current procedures related to reprograming are adhered to by the Department?

Answer. Since the Comptroller is the administering official on reprograming procedures for the Department it would be my intent to ensure that current procedures are adhered to.

[Questions submitted for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN WARNER

FIVE-YEAR DEFENSE PLAN

Senator **WARNER**. Last week, this committee heard testimony from the Comptroller General concerning the "planning/reality mismatch" in the fiscal years 1990-1994 FYDP. Mr. Bowsher cited three major problems in that document—low inflation estimates, "negative funding wedges," and high outyear topline estimates—that he feels demonstrate the unrealistic planning assumptions of the Department of Defense in preparing this long-term program.

Would you please comment on Mr. Bowsher's assertions concerning unrealistic planning estimates in the Department of Defense?

Mr. **O'KEEFE**. The three areas Mr. Bowsher describes as problems do not, in my view, provide a basis for judging the Department's planning assumptions unrealistic.

The inflation assumption is determined by OMB and is used in all estimates throughout the federal government. DOD must use those governmentwide assumptions. I would note that just a few years ago, the Department was sharply criticized by many, including the GAO, for using special higher inflation rates for major weapon systems.

The so-called negative funding wedge was intended to inject more realism in outyear planning. Experience has clearly demonstrated that as outyear estimates become budget estimates, downward adjustments must be made to some programs to reflect actual execution, development and production slippages, and other fact of life changes. Rarely do programs proceed through development and production more rapidly than programmed. While it is not known precisely which programs will slip or be delayed, it is reasonable, based on experience, to assume that some of them will. Conversely, new requirements not foreseen in the formulation of the outyear programs are likely to emerge. Making an allowance for these eventualities add realism to the outyear estimates.

The outyear topline estimates contained in the FYDP represent the plan agreed to by the President and the Secretary of Defense. It may be true that the modest real growth projected through the outyears will not ultimately be approved by the Congress. Nevertheless, it would be inappropriate to establish the outyear topline based on a guess as to what the Congress will approve rather than on the program levels which the President and the Secretary consider the best achievable balance between national defense needs and overall federal fiscal constraints.

Senator WARNER. In this letter of January 11, 1989, submitting the fiscal years 1990–1994 FYDP to Congress, former Deputy Secretary of Defense Will Taft stated that "the FYDP is not a budget . . . it provides a 5-year defense program from which budgets are eventually built."

Would you please tell us whether you agree with that statement? Would you care to comment further on the nature of the FYDP document and its utility in fiscal planning in the Department of Defense?

Mr. O'KEEFE. I agree with the statement. The fact that the FYDP does not have precisely the same characteristics as a budget does not diminish its utility in fiscal planning. Each year of the FYDP will be subject to several additional reviews before they become the budget submitted to the Congress. While the FYDP should not be expected to be as accurate and detailed as a budget, it does provide a useful starting point for budget development and is a valuable tool within the Department in planning its programs.

REPROGRAMING PROCEDURES

Senator WARNER. In your answers to the committee's written questions, you indicated that, if confirmed, you will ensure that current reprograming procedures will be adhered to.

Do you see any problems in the current procedures? For example, would you urge more expeditious review of reprograming requests by the Congress?

Mr. O'KEEFE. The basic reprograming procedures are sound, but the reprograming process could be more effective than it currently is. I would like to see fewer reprogramings submitted, and those that are, acted on expeditiously by the committees. I intend to subject proposed reprogramings to stringent tests of need and urgency. In return, I hope the committees would recognize the need for prompt consideration of those that are submitted. In addition, I would urge the committees to recognize the increasing difficulty, as defense budgets become more and more constrained, in identifying sources to which no one in the Congress will object. Denial of proposed sources creates major execution problems for the Department and should be the exception rather than the rule.

DOD FUNDS FOR NON-DOD PROGRAMS

Senator WARNER. Included in the fiscal year 1989 Supplemental Appropriations bill pending in the House (H.R. 2072) is a provision to transfer funds appropriated to the Department of Defense to cover a shortfall in appropriated funds for U.N. peacekeeping efforts. Possible amendments to that bill would transfer large amounts of SDI funding to various law enforcement programs. A few weeks ago, Congress passed a bill transferring $66 million in DOD funds for Contra aid. Recently, another proposal was contemplated, but then withdrawn, for the transfer of DOD funds to provide additional security assistance funding under the State Department budget.

Some of these proposals originate within the administration. Others are proposed in the Congress.

Would you care to comment on the increasing number of proposals to fund non-DOD programs out of DOD funds?

Mr. O'KEEFE. The increasing number of proposals to fund non-DOD programs with DOD funds is a matter of concern to the Department. While a small number of these proposals have originated within the Administration and are supported by the Department because they provide a benefit to national defense objectives, the bulk of the proposals do not meet this criteria. After 5 consecutive years of negative real growth in the defense budget, it is no longer possible to make these funding shifts without substantial detriment to the defense program.

[The nomination reference of Sean C. O'Keefe follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 12, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Sean Charles O'Keefe, of Virginia, to be Comptroller of the Department of Defense, vice Clyde O. Glaister, resigned.

[The biographical sketch of Sean C. O'Keefe, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF SEAN C. O'KEEFE

Sean O'Keefe has been on the professional staff of the U.S. Senate Committee on Appropriations since 1981 and currently serves as the Minority Counsel for the Defense Subcommittee.

He received a Master of Public Administration degree from the Maxwell School of Citizenship and Public Affairs at Syracuse University. He is a graduate of Loyola University, New Orleans, Louisiana with a B.A. degree in Political Science.

Mr. O'Keefe served as the Staff Director for the Defense Subcommittee when the Republicans were in the majority in the Senate until 1987. Prior to his service as Staff Director, he was assigned to principal analyst positions on the staff for opertions and maintenance, shipbuilding, and aircraft procurement appropriations.

Mr. O'Keefe entered public service in 1978 upon his selection as a Presidential Management intern. In this capacity, he was assigned to the Office of the Secretary of Defense/Comptroller and the National Security Division at the Office of Management and Budget. He concluded Defense Department service as a budget analyst at the Naval Sea Systems Command before joining the Senate Appropriations Committee staff.

In the past several years, he has participated in a variety of professional activities, most recently with a national security working group to develop the 1988 Republican Platform. He was a member of the 1985 Kennedy School of Government program for National Security and International Affairs at Harvard University. He is a guest lecturer on financial management at the U.S. Air Force Air University and the U.S. Army program at Syracuse University.

Born on January 27, 1956, to a military family originally from New Orleans, Louisiana, Mr. O'Keefe, his wife Laura, and their daughter Lindsey currently reside in Arlington, Virginia.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Sean C. O'Keefe in connection with his momination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

Part A—Biographical Information

Instructions to the Nominee: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Sean Charles O'Keefe.

2. **Position to which nominated:** Comptroller.

3. **Date of nomination:** May 12, 1989.

4. **Address:** (List current place of residence and office address.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:** January 27, 1956, Monterey, CA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married to Laura Jean (McCarthy) O'Keefe.

7. **Names and ages of children:** Daughter Lindsey, 2½ years.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Syracuse University, Master of Public Administration, Attended: 1977-78. Degree Received: August 1979.
Loyola University, Bachelor of Arts, Attended: 1973-77 Degree Received: May 1977.
Wheeler High School, North Stonington, Connecticut May 1973.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
U.S. Senate Appropriations Committee, 1981-present; Minority Counsel, 1987 to present; Staff Director, Subcommittee on Defense, 1985-87; Professional Staff Member, 1981-1985.
U.S. Navy, Naval Sea Systems Command, 1978-81; Presidential Management Inter, 1978-80.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
City of Syracuse, Employment and Training Agency, Evaluation Staff (Part-time).
Louisiana State Senate, Committee on Transportation, Staff Member, 1977 (Legislative Session).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.
Presidential Management Alumni Group.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

1988 GOP Platform Advisory Group Drafting assistance for national security chapter.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Loyola University Student Government Scholarship, President, 1975–76.
Blue Key National Honor Fraternity, Loyola Chapter, Vice President 1976–77.
Loyola University Student Government, Outstanding Service Award, 1976.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Phi Alpha Theta Honor Society Quarterly: Treatise on U.S. Policy during the Cold War era, published 1977.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe that I was chosen for the qualifications set forth in Item B below.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Career experience in a variety of financial management positions in the executive branch and Congress.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

Financial and Other Information Requested of Nominees

Instructions to the Nominee: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Sean Charles O'Keefe.

Part B—Future Employment Relationships

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave Government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government, If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships. employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

SEAN O'KEEFE.

This 5th day of May, 1989.

[The nomination of Sean C. O'Keefe was reported to the Senate by Senator Sam Nunn on May 18, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 18, 1989.]

TO VOTE ON THE NOMINATIONS OF DAVID J. GRIBBIN III, TO BE ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE AFFAIRS; LOUIS A. WILLIAMS, TO BE ASSISTANT SECRETARY OF DEFENSE FOR PUBLIC AFFAIRS; AND SEAN C. O'KEEFE, TO BE COMPTROLLER OF THE DEPARTMENT OF DEFENSE

THURSDAY, MAY 18, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:05 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Dixon, Gore, Shelby, Warner, Thurmond, Wallop, Gorton and Lott.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: John J. Hamre, William E. Hoehn, Jr., David S. Lyles and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director; George W. Lauffer, and Ann Elise Sauer, professional staff members.

Staff assistants present: Barbara L. Braucht and Mary J. Kampo.

Committee members' assistants present: Charles C. Smith, assistant to Senator Dixon; Terrence M. Lynch, assistant to Senator Shelby; C. Richard D'Amato, assistant to Senator Byrd; Robert M. Soofer, assistant to Senator Gorton; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. This morning, the committee held nomination hearings on David J. Gribbin III, to be Assistant Secretary of Defense for Legislative Affairs and Louis A. Williams to be Assistant Secretary of Defense for Public Affairs.

We have just concluded the nomination hearing on Sean O'Keefe to be the Comptroller of the Department of Defense.

With respect to all three of these nominations, all the committee's requirements have been satisfied. Senator Warner and I have examined each one of the FBI reports, and we can report there is nothing disqualifying in any of the FBI material.

And so, when we get a quorum, which I hope will be in another minute, we wlll entertain a motion on each one of these nominations. The reason for doing it now is that we are going to be in recess next week, and the Secretary of Defense and his whole team over there need to be able to get these key positions in place as soon as possible.

Senator EXON. Mr. Chairman, in order to save time, would it be out of order for me to so move that they be approved in block and then we will be ready to vote?

Chairman NUNN. I think we probably ought to——

Senator WALLOP. If you would yield on that, I was unable to attend the hearing on Dave Gribbin and Pete Williams this morning because of previously scheduled meetings. They are from my State and they are friends. And it is just a personal thing, but I would like very much to make the motion.

Senator EXON. I would withdraw my motion.

Chairman NUNN. The motion is withdrawn. I would like to vote on each one of them separately, too, and so the first thing we will do—and do we have a quorum?

Mr. PUNARO. Yes, sir, we have a quorum.

Chairman NUNN. A quorum is present. We will entertain a motion as to the confirmation of Mr. David J. Gribbin III.

Senator WALLOP. I so move that nomination.

Senator EXON. I second.

Chairman NUNN. Senator Wallop has made the motion. Senator Exon has seconded the motion. All in favor signify by saying aye.

[Chorus of ayes.]

Opposed?

The Chair hears no opposition. We will leave the record open on this nomination until approximately 3 o'clock.

I will now entertain a motion on Mr. Louis A. Williams to be Assistant Secretary of Defense for Public Affairs.

Senator WALLOP. Mr. Chairman, I move that it be reported favorably.

Senator EXON. I second.

Chairman NUNN. Senator Wallop has made the motion. Senator Exon has seconded it. All in favor signify by saying aye.

[Chorus of ayes.]

Opposed?

[No response.]

Now on Mr. Sean O'Keefe to be Comptroller of the Department of Defense. We have also examined all of the papers, financial papers and the FBI report as I indicated, and we have had the hearing here. I do not want to cut anyone off if they have not had a chance to ask questions. We will defer this. Is there objection to proceeding with this nomination?

Senator WALLOP. Mr. Chairman, could I move the nomination on behalf of Senator Stevens, the senior Senator from Alaska?

Senator EXON. I second.

Chairman NUNN. Well, I would say that we would entertain it by you, Senator Warner. The spirit being that Senator Stevens fully supports it. The precedent of having an Appropriations member, even one as dear to us as Senator Stevens, moving a nomination in this committee is one that——

Senator WARNER. But the chairman will recall that under the rules we laid down, he is a member in good standing, other than the vote, on this committee.

Chairman NUNN. Other than votes and motions, as I——[Laughter.]

I detect a motion from Senator Warner and we will understand the spirit. Is there a second?

Senator EXON. I second.

Chairman NUNN. The motion is seconded. All in favor signify by saying aye.

[Chorus of ayes.]

Opposed?

[No response.]

The motion carries. [Laughter.]

We have two subcommittees getting ready to meet, so is there any other business for the full committee?

If not, we will report these nominations, and, Senator Warner, I am going to ask outside of the aisle to see if we could expedite them for the recess. So if there is anything you can do on your side, I think we will at least try.

Senator WARNER. Thank you, Mr. Chairman, we are on the way.

Chairman NUNN. The full committee is now adjourned. Thank you.

[Whereupon, at 2:10 p.m., the committee was adjourned.]

[The nomination of David J. Gribbin III was reported to the Senate by Senator Sam Nunn on May 18, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 18, 1989.]

[The nomination of Louis A. Williams was reported to the Senate by Senator Sam Nunn on May 18, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 18, 1989.]

NOMINATIONS OF STEPHEN J. HADLEY, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY POLICY, AND HENRY S. ROWEN, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS

THURSDAY, JUNE 22, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:42 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Dixon, Wirth, Warner, Thurmond, Cohen, Wilson, McCain, Gorton, Lott and Coats.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk; and Daniel G. Sakura, research assistant.

Professional staff members present: Robert G. Bell, Richard E. Combs, Jr., and David S. Lyles.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Brian D. Dailey, Judith A. Freedman, Ronald P. Kelly, and George W. Lauffer, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Kenneth N. Luongo, assistant to Senator Levin; Charles C. Smith, assistant to Senator Dixon; Grayson F. Winterling, assistant to Senator Warner; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Charles G. Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee meets today to consider the nomination of Mr. Henry S. Rowen, to serve as Assistant Secretary of Defense for International Security Affairs.

The nominee has had a long and distinguished career in the public as well as the private sector.

The committee extends a warm welcome to you this morning, Mr. Rowen. We are glad to have you with us.

The Assistant Secretary of Defense for International Security Affairs is the principal staff adviser to the Secretary of Defense and the Under Secretary of Defense for Policy with respect to political, military, and international economic matters involving foreign countries, with the exception of NATO, Western Europe, the Soviet Union, and Eastern Europe.

In addition, the Assistant Secretary for International Security Affairs is the principal staff adviser for such topics as Law of the Sea, counter terrorism and humanitarian assistance. Mr. Rowen would bring impressive personal qualifications to this important post. He served as Deputy Assistant Secretary of Defense for National Security Affairs in the early 1960s. In the mid 1960s, he was an Assistant Director of the Bureau of the Budget. He served as President of the RAND Corporation from 1967 to 1972. He was then a Professor of Public Policy at Stanford University until 1981, when he was named Chairman of the National Intelligence Council of the Central Intelligence Agency.

He resumed his academic career in 1983 as Professor of Public Policy Studies at Stanford University's Hoover Institute on War, Revolution and Peace.

Mr. Rowen has submitted to the committee written answers to questions on defense policy and operations that I had forwarded to him. His submission was made available to committee members shortly after it was received on June 20.

Members may wish to explore these questions in more detail with the nominee during this hearing. If there is no objection, Mr. Rowen's written answers will be part of the record.

[The information referred to follows the hearing record.]

Chairman NUNN. The committee looks forward to hearing from Mr. Rowen this morning on his views about his responsibilities and how he would carry those out, and his views on the questions we face in defense and the foreign policy arena, in which he has considerable experience.

Senator Warner, I believe Senator Thurmond has to leave, so whatever you all would like to do would be fine.

Senator WARNER. Senator Thurmond, would you care to say a few words?

Senator THURMOND. Mr. Chairman, Senator Warner, thank you very much.

We plan to introduce the crime package this morning, and I have to be on the floor.

I would just ask unanimous consent that my statement be placed in the record, Mr. Chairman.

Senator WARNER. We thank you, Senator Thurmond.

Chairman NUNN. Thank you.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Thank you, Mr. Chairman. I join you in welcoming Mr. Stephen Hadley and Mr. Henry Rowen. Mr. Chairman, I am sure that Secretary Wolfowitz will be most grateful to you and this committee for acting quickly on these nominations. After yesterday's hearing. I believe he is looking forward to having someone to share his appearances before this committee.

Mr. Hadley, Mr. Rowen, the President has nominated you for challenging and responsible positions. Your nomination reflects the high confidence he has in your abilities to contribute to the defense of our great Nation.

I want to congratulate you both for undertaking these challenging positions. Your willingness to make the sacrifices required of Government service speaks highly of you and our Nation.

I assure you both that you have my support.

Thank you, Mr. Chairman.

Senator THURMOND. I just want to say that in studying the records of these two gentlemen, Mr. Rowen and Mr. Hadley, it appears they are both well qualified for the positions to which they have been appointed. I would be very pleased to support them both.

In the event I am not here, if a vote is taken this morning, I have asked Senator Warner to cast my vote for them.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Thurmond.

We do hope to vote on some nominations this morning, and hopefully some of these, maybe both of them, would be included.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

I have had the privilege of knowing both these nominees for some period of time.

I would first congratulate them on the trust and confidence reposed in each by the President of the United States. So far as I can determine, they are both eminently qualified to take on these positions.

I would like to observe, Mr. Chairman, that I think they fully meet the criteria that you and I have set down in earlier documentation for guidance to this committee as we consider these nominations.

I would, however, want the record to reflect that I may have an apparant conflict of interest here, perceived in that one of my staff assistants recently persuaded Mr. Rowen's daughter to give him her hand in marriage. They are both present here today.

Chairman NUNN. Good.

[General laughter.]

Senator WARNER. I also note that Mr. Rowen was an electronics technician mate during World War II. I likewise served in that program.

Captain Eddie, do you remember him?

Mr. ROWEN. Ah yes, indeed I do.

Senator WARNER. Well, some day I will reminisce with you about when I went back to find him many years later, to thank him for what he had done for the country and for this sole sailor during that period of time.

He was a brilliant man.

Mr. ROWEN. Indeed.

Senator WARNER. Both of us were privileged to have his wisdom and expertise. He did a great deal for this country with his program.

Mr. ROWEN. Yes, sir.

Senator WARNER. Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Warner. Mr. Rowen, we would welcome any remarks that you have this morning. We have heard from you before. You are not a stranger to this committee. But we would welcome anything you would like to say about the job and how you would approach it.

STATEMENT OF HENRY S. ROWEN, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS

Mr. ROWEN. Thank you, Mr. Chairman and Senator Warner for your remarks.

It reminds me of a period which was so long ago that I'd almost forgotten. That was an excellent program.

I just have a few brief remarks.

I am honored to appear before you as President Bush's nominee for the job that you have described. I am particularly pleased at being selected as a member of Secretary Cheney's policy team at the Department of Defense, which is shaping up as a very good team, indeed. I look forward to working on that team with this committee and other committees of the Congress.

As you know, I am not a stranger to the Pentagon or to the range of international issues which this job involves. I have been a student of questions of war and peace and international affairs for many years.

This is a particularly important time because of the changes that are taking place throughout the world. I think an understanding of how the United States can best secure its national interests in the coming years is a very pressing matter.

There are many reasons that underlie the changes: the changed priorities of the Soviet State, the ascendancy of political pluralism in the Philippines, Taiwan, the Republic of Korea, and many states in Eastern Europe, South Asia and Latin America.

Among these reasons, an important one has been continued American support for democratic principles and for the defense of allies and friends. We are experiencing considerable success in the policy of many decades, since the late 1940s—early 1950s.

But the world is changing, and there is a major challenge that faces the administration and the Congress. This is to strike a balance between preserving those aspects of our post-war security strategy which continue to serve our national interest, and introducing new elements that are going to serve our interests in the 1990s and into the next century.

These changes have made it feasible and desirable to seek more far-reaching agreements on reducing arms in a settlement of some outstanding political differences. But—and I underscore this next point very much—many of the international changes that have taken place may not be deeply rooted; those in the Soviet Union, for instance. It is crucial that we preserve the core elements of our alliances and our military structures that support them.

We still face many security challenges around the world, some of them old ones, some of them new ones. In our own hemisphere, the leaders of Cuba, Nicaragua, and Panama are depriving their peoples of basic freedoms and threatening neighboring democracies. The alarming rise of powerful narco-trafficking interests, often in league with anti-democratic insurgency movements, threatens the survival of a number of free democratic governments.

There are intractable disputes, long-standing ones, including the Arab-Israeli conflict, which continue to defy the best efforts of advocates for peace on all sides, and remain potential flash points for regional hostilities and ones that can affect our interests.

Among the new dangers is the diffusion of advanced technologies for weapons. The nuclear weapons, chemical weapons, ballistic missile technologies are all becoming more accessible throughout the world. This raises the specter of actors, such as Colonel Qadhafi, putting chemical munitions on missiles which can reach neighboring countries.

If confirmed, I intend to promote effective security cooperation with our many friends in Latin America, Africa, the Middle East and Asia. The security agenda with these partners will address these enduring, older dangers, as well as meeting the serious new ones that I have touched on.

Some of our tools of influence have become weaker. In particularly, the non-earmarked security assistance funds available continue to decline at an alarming rate. I mean, they have practically disappeared.

Alternative suppliers of defense goods and services are available from other countries to meet the needs of our long-standing security partners if we don't meet them.

We might not agree with what many of these nations see as their needs. But in too many cases, our failure to respond makes the United States less relevant. We just don't count for as much.

In sum, Mr. Chairman, I view my mission in the Defense Department as two-fold. First, in support of Secretary Cheney and my colleagues in the defense policy area, I will seek to plan new approaches to our security in a profoundly changing world. Second, I will do my utmost to enhance our access and influence throughout the Third World, the region of responsibility for my office, at a time when our resources are tight and other states are competing with us for influence in every region. This is a challenging task, and I am grateful for the opportunity to make a contribution.

I am also comforted by the notion that this President, the Secretary of Defense and this Congress share the belief that we have to work closely together to achieve these aims.

If you have any questions, Mr. Chairman, Senators, I am prepared to answer them.

[The prepared statement of Mr. Rowen follows:]

PREPARED STATEMENT OF HENRY S. ROWEN, ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS)—DESIGNATE

Mr. Chairman and members of the committee: I am honored to appear before you today as President Bush's nominee to be Assistant Secretary of Defense for International Security Affairs. I am particularly gratified to have been selected as a member of Secretary Cheney's policy team at the Department of Defense. If confirmed, I look forward to working with Secretary Cheney, Deputy Secretary Atwood and Under Secretary Wolfowitz, as well as this committee, to advance our national security agenda.

I am no stranger to either the Pentagon or the range of international issues which will require my attention. Like many of the disginuished members of this committee, I have been a student of war and peace issues for many years. At a time when major changes are taking place on a global scale, I believe that an understanding of how the United States can best secure its national interests in the coming years is an urgent matter.

There are many reasons underlying the changed priorities of the Soviet state, and the ascendancy of political pluralism in the Philippines, Taiwan, and the Republic of Korea, as well as many states from Eastern Europe to South Asia to Latin America. I believe that among these reasons, an important one has been continued American support for democratic principles and for the defense of allies and friends.

The challenge for the Bush administration is to strike a balance between preserving those aspects of our post-war security strategy which continue to serve the national interest and introducing new approaches which will serve our interests in the 1990s and into the twenty-first century. These changes have made it feasible and desirable to seek more far-reaching agreements on reducing arms and the settlement of some outstanding political differences. But because many of the international changes that have taken place may not be deeply rooted—those in the Soviet Union, for instance—it is crucial that we preserve the core elements of our alliances and our military structures that support them.

We still face serious security challenges around the world—some old, some new. In our own hemisphere, the leaders of Cuba, Nicaragua, and Panama are depriving their peoples of basic freedoms and threatening neighboring democracies. The alarming rise of powerful Narco-trafficking interests, often in league with antidemocratic insurgency movements, threaten the survival of free and democratic governments. Intractable disputes, including the Arab-Israeli conflict, continue to defy the best efforts of advocates for peace on all sides, and thus remain potential flashpoints for regional hostilities, possibly affecting our own interests.

Prominent among the new dangers is the diffusion of advanced technologies for weapons. This raises the specter of actors such as Colonel Qadhafi placing chemical munitions on missiles which can reach neighboring countries.

If confirmed, I intend to promote effective security cooperation with our many friends in Latin America, Africa, the Middle East and Asia. Our security agenda with these partners will address enduring old dangers and, hopefully, these serious new threats to the peace as well.

Some of our tools of influence are becoming weaker. In particular, non-earmarked security assistance funding continues to decline at an alarming rate. Alternative suppliers of defense goods and services are available to meet the needs of our longstanding security partners, if we will not. We may not agree with what they see as their "needs," but in too many cases our failure to respond makes the United States less relevant to their concerns.

In sum, Mr. Chairman, I view my mission in the Defense Department as twofold. First, in support of Secretary Cheney and my colleagues in the defense policy area, I will seek to plan new approaches to U.S. security in a profoundly-changing world. Secondly, I will do my utmost to enhance U.S. access and influence throughout the Third World at a time when our resources are tight and other states are competing with us for influence in every region.

It is a challenging task, and I am grateful for the opportunity to make a contribution. I am also comforted by the knowledge that this President, this Secretary of Defense and this Congress share the belief that we must work closely together to achieve our aims.

I will be happy to address any questions from the committee.

Chairman NUNN. Thank you, Mr. Rowen. I have several questions and I know Senator Warner has questions.

The first one I have is what is your general view of the Goldwater-Nichols defense reform mandated by the Congress in 1986? Particularly, how do you view the special operations and low intensity conflict reforms? They are two separate subjects, but they kind of go together.

Mr. ROWEN. I believe the Goldwater-Nichols reforms were badly needed. It has been long recognized that the process of military advice and the process of getting the policy world connected to the acquisition world was not adequate, not working very well.

This legislation provides a basis for improving that very much.

I am pleased to observe that, in fact, it is working. I'm a new arrival on the scene here, and I have not participated in the early months of the Bush administration's work in the Defense Department. But I do observe a very substantial change in the style of operation. It seems to me conforming to what was intended by that legislation.

So, I think the legislation was sound and the early signals on how it is being implemented are encouraging.

I am going to contribute to that process.

Chairman NUNN. What about the low intensity conflict? My particular question is how do you foresee the coordination between your office and that of the Assistant Secretary for Special Operations and Low Intensity Conflict?

Mr. ROWEN. Of course, it is set up separately, with a separate Assistant Secretary of Defense mandated by the Congress, reporting directly to the Secretary.

So the reporting chain is independent.

The substantive work overlaps the responsibilities of International Security Affairs (ISA) very, very much. So, we obviously have to work closely together. In fact, we have had some initial discussions about how we are going to do that.

We will be having to work intimately. There is just no question about it.

I cannot give you any details on how that will be done because it is too early. The Assistant Secretary has not been designated yet, but I have been talking to people in that office. So I cannot tell you how it is going to be done. But it is obvious that those responsibilities, for special operations and low intensity conflict, involve the areas of responsibility for ISA, geographically. So, we will have to work together.

Chairman NUNN. I agree. There has to be a good working relationship, both institutionally and on a personal basis, between those two positions.

Shifting to another subject, we all are appalled by the developments in China and the horrors being perpetrated by the Chinese Government.

China is included in the portfolio of the Assistant Secretary for International Security Affairs. The U.S.-China military relationship, in terms of equipment as well as visits, has become quite developed over the past few years.

In your view, how important is this relationship, and how do you personally view the U.S. response? What should we be doing about the horrors now going on in China?

Mr. ROWEN. I certainly agree with your characterization of these as "horrors."

As you know, the military sales have been suspended, and other actions have been announced by the President, as well as suspension of high level visits. We will take initiatives on the lending by multilateral lending institutions for China to block that.

The President has been, I think properly, somewhat cautious on this. He has viewed the relationship with China as very important in strategic terms. This seems to me the proper view.

We have a lot at stake with China. We have had and we still have a lot at stake there.

The relationship between China and the Soviet Union, which is changing, of course, has been one of the major factors in the world balance of power. The role of China vis-a-vis North Korea, in recent times, looks like it has been a constructive one, a restraining one, and we hope that it continues to be a restraining one.

We hope the role of China vis-a-vis the Khmer Rouge in Cambodia will be one of restraint, though it has not been in the past. That relationship exists, however, and it is an important one.

So we have these and other important considerations that bear on and involve China.

For that reason, it seems to me that we should keep these factors in mind—let me put it that way—when we consider what we do. On the one hand, it is necessary to try to do what we can to keep the Chinese from carrying on in this terrible way against the students.

But we do have these strategic interests. It is a balancing act that we will have to go through.

Chairman **Nunn**. Do you believe the relationship with China now, the U.S.-Chinese relationship, is as important as it was 5 years ago, before Gorbachev took over the leadership of the Soviet Union? Do you see events in the Soviet Union as having diminished somewhat the importance of the U.S.-Chinese relationship?

Mr. **Rowen**. I don't, really.

One of the things that impresses me about both China and the Soviet Union is the poor record of forecasting what is likely to happen. We do not have a good basis for estimating what the future is going to be in the Soviet Union or in China. The uncertainties are very large.

China itself could have some significant changes taking place. Perhaps the struggle is still going on inside the Chinese leadership. Nobody predicted the sequence of events.

Back when Gorbachev came into power, only a little over 4 years ago, nobody predicted what was going to happen in the Soviet Union. And I say that having been in the intelligence business for a while.

So we have a very bad record of predicting these things.

Chairman **Nunn**. You could add Iran into the equation, too.

Mr. **Rowen**. Yes, that is a famous example. Right.

These are inherently very hard things. I'm not trying to fault people in the forecasting business. It is inherently very difficult.

These are major, powerful countries. The relationship between the Soviet Union and China, which has been very important, and our stakes in China which are very important, is not appreciably changed or diminished as a result of the events that have taken place in recent years.

Chairman **Nunn**. You make a good point about how little we have been able to predict events in the Soviet Union, in China, in Iran. I think one of the big debates that is coming down the road is whether these events were truly unpredictable or whether we need to take a look at our own intelligence capabilities.

Do you have any observations on that?

Mr. **Rowen**. Yes, I do.

Every time something important and unexpected happens, we go through a "hindsight" exercise. We sometimes do find somebody actually tucked away in the bowels of the system who was trying to be heard, who did actually have something useful to say but was ignored.

But it is mostly hindsight. It is very difficult to institutionally do a much better job of forecasting things.

The people on the ground in China or in the Soviet Union themselves don't know what is going to happen. So, it is a little hard for outsiders to do better.

Chairman NUNN. If you're looking for a B Team approach, you have to find a B Team that has been right recently, too, don't you?

Mr. ROWEN. I've played B Team roles myself.

Chairman NUNN. I know you have.

Mr. ROWEN. Particularly on the Soviet Union.

There is one very important principle which your reference to "B Teams" suggests, and that is the importance of having competitive centers for intelligence.

Chairman NUNN. Exactly.

Mr. ROWEN. If there is anything we know about this business, it is that you want to have a number of players. It increases the chances that you are going to come up with something which is accurate.

Chairman NUNN. Which also reinforces separating intelligence from policy within, so you have more dissenting views within the community itself.

Mr. ROWEN. Yes, I believe that.

Chairman NUNN. Senator Warner, I have a couple of more questions, but I'll come back to them.

Senator WARNER. Thank you, Mr. Chairman.

I would like first to discuss with this nominee his views with respect to the authority that you will have, subject to confirmation, over the high technology transfer, namely the trade between this Nation, other nations, our allies and possibly the Soviet Union.

What are the basic criteria that you have established for yourself in fulfilling your role?

Mr. ROWEN. There are, of course, quite a few players in terms of where responsibility is lodged with regard to technology transfer.

Senator WARNER. Yes, there are.

Historically, the strong man, the long pole in that tent, has been the Secretary of Defense and his principal deputy for that area of responsibility, and that is the area where you are assuming responsibility.

Mr. ROWEN. Well, that is not quite the way it has been organized because the principal responsibility on technology transfer has been lodged in the office that my colleague here will have responsibility for.

Senator WARNER. Well, I mean it is in this general area.

Mr. ROWEN. The general policy area, yes.

Senator WARNER. You are going to have a voice in it.

Mr. ROWEN. Indeed.

But first I do note that it is distributed around the Government fairly widely.

The Secretary of Defense has, of course, as you say, played a major role and will continue to do so. There are terrible problems about the diffusion of missile technology and chemical technology, and, of course, some long-standing concerns about nuclear technology. We all wrestle with these because these are characteristically dual purpose, dual capable technologies. They have peaceful as well as nonpeaceful, civilian as well as military, purposes.

So, it is a very tough thing to operate a system of controls effectively.

Senator **Warner**. Let's just interject a little bit here because I have had some modest experience in this area myself.

I understand the inter-governmental councils that work on these questions. I understand that certain Cabinet offices and departments are being tugged at by American industry to allow them to compete in the world market.

But I come back—and you can use whatever phrase you want. The Secretary of Defense has to be the tough guy at these tribunals, and I think perhaps exercise a measure of, for lack of a better word, good, tough conservatism and restraint, given the pressure from other segments of our Government.

You are prepared to join with your colleagues and take on this struggle, I hope?

Mr. **Rowen**. Absolutely.

I believe that we need for certain critical technologies to be exercised and to persuade other nations. It is not an easy thing.

Senator **Warner**. How about enforcement of the COCOM?

Mr. **Rowen**. COCOM is a very vital institution, and I would not like to see it weakened.

I happen to know a good deal about the Soviet level of technology, and COCOM has been remarkably effective. It has had a major impact in areas of great importance militarily.

I fear that there are pressures to see COCOM greatly weakened and I think these need to be resisted.

Senator **Warner**. Can we glean from your testimony that you are going to be the tough guy in this area?

Mr. **Rowen**. I will be one of them. There are some others around, as well.

Senator **Warner**. I find that very helpful and reassuring.

Mr. Rowen, this country has predicated our defense since the closing years of World War II on the concept of forward deployed forces.

Speaking only for myself, I am becoming concerned at the ability of our country to continue to put the degree of emphasis and confidence in that forward deployed concept, given the fact that we see restive activities in South Korea, the Philippines, and Japan. Then, turning to Europe, our President (and I support him in this) is contemplating, if we make certain satisifactory arrangements in the conventional talks and other arms control arenas, to return certain numbers of American troops.

What do you believe is the future of the doctrine of forward deployed strategy and the likelihood that we can put the emphasis that we have in the past 40 years on it in the next 10 years?

Mr. **Rowen**. We will continue to need forward deployed forces.

Senator **Warner**. I'm not suggesting that we don't need it. The question is what is the level of confidence.

Mr. **Rowen**. Yes, what's going to be feasible.

Now, insofar as the threat is reduced, as it might be in some parts of the world, in Europe most obviously, then we can perhaps make reductions, through negotiations.

Insofar as threats do not reduce, then we'd better not pull back.

Now, you can go around the world and you can look at each case and make a judgment as to whether the present situation is one that warrants a continued American deployment at the present level, conceivably a higher level, maybe a lower level.

If you do that exercise—and I won't attempt to go through all of that—one can arrive at various judgments.

Now, there are some areas in which obviously the domestic scene is troubled and our prospects are not entirely assured—the Philippines is a case in point.

I believe that our bases there are very important and our ability to project power into that region, in the Pacific, Asia, the Indian Ocean and the Persian Gulf, is very important, and the Philippine bases play a key role in that.

We want to work very hard to retain those.

We also have to recognize that we had better be looking for alternatives, and, in fact, the Defense Department is looking at alternatives, just in case it does not work out.

The prospects look pretty good that it will work out in the Philippines.

Senator WARNER. Mr. Chairman, would you indulge me in one further question?

Chairman NUNN. Surely.

Senator WARNER. I read with some astonishment this morning of the rather bold attitude that Gorbachev took in characterizing Admiral Crowe's visit to the Soviet Union, where he used the word "partnership."

While I think our President is cautiously and prudently exploring the various opportunities that may be present in the many promises being made by Gorbachev, I am not sure we have reached the stage where we can characterize this as a "partnership."

Now, that is my opinion.

Do you have an opinion as to whether you see us drifting into a partnership?

Mr. ROWEN. I thought he overreached.

Senator WARNER. I want to hear what you will say and I missed your first few words.

Mr. ROWEN. I said that the word "partnership" seems to me to go well beyond any reasonable description of the nature of the relationship.

It is improving. Obviously it is improving. But, if you look at the facts on the ground, they have not changed a great deal. The Soviet military apparatus is largely there and production of weapons continues at a great rate. There are a lot of words, but the reality out there in the field has not changed very much. Maybe it will.

But the concept of partnership seems to me, under the circumstances, bizarre.

Senator WARNER. Well, if you look at the dictionary, "partnership" implies a measure of trust, and I don't think we have reached that point yet.

Do you share that view?

Mr. ROWEN. Absolutely.

Senator WARNER. Mr. Chairman, I thank you.

Chairman NUNN. Thank you, Senator Warner.

Mr. Rowen, in answer to the written questions regarding dominant trends in today's international security environment, you responded that you felt the most fundamental trend was the crisis in the Communist system. You went on to warn that there was no guarantee that Marxist-Leninist regimes would fade quickly, into history.

What is your view as to what I would call "reasonable worst case" for the United States in the unfolding crisis of communism, as you see it?

What is the worst case that is also plausible?

Mr. ROWEN. That is an interesting question.

A pretty bad case—I hesitate to say "worst"—but a pretty bad case would be one in which Gorbachev emulates what Lenin did in the early 1920s, creates a new economic policy, revives the country, preserves party control, revives the economy, and keeps the system.

He says this is his aim. It is not a big secret.

If he succeeds in that, there will be a Soviet Union which is invigorated, stronger economically, potentially stronger militarily, and wholly opposed to democratic values because it will be a Leninist system.

I'm not sure that's the worst case, but that is not a good case from our perspective.

That is what he says he's about.

Chairman NUNN. Of course, he would not agree verbally with your last premise, that is, that it's totally alien to democratic values, because all of his verbiage, writings, and speeches and so forth give a lot of lip service to moving toward democratic values.

So I think you have taken a portion of what he has said and added to it your own interpretation, which may be the correct one, of what the words mean. But if you truly take what he says, he is talking about improving democratic values.

Mr. ROWEN. If he says he is in favor of giving up the leading role of the Communist Party——

Chairman NUNN. You say he has not done that.

Mr. ROWEN. He has not done that. If he says, "I will give up, I favor abandoning the leading role of the Communist Party, so that other parties can compete,"——

Chairman NUNN. That would be very fundamental.

Mr. ROWEN [continuing]. That would be very different, yes.

Chairman NUNN. Would you say what has happened in Poland indicates that maybe the Soviets are going to tolerate at least Eastern Europeans sharing power with noncommunists?

Mr. ROWEN. It's well advanced in Hungary. It's doing quite well in Poland. It looks "so far, so good." But one has to be nervous about the future.

Chairman NUNN. I would agree with that.

In the book you wrote on the Soviet empire, you predicted that a major turning point in the development of the Soviet empire was unlikely to occur before the 1990s. I think this book was written in 1986 or 1987.

Mr. ROWEN. That's right.

Chairman NUNN. You cited as indicators of a possible turning point, three of four factors: one, retrenchment of the overseas empire; two, gradual extension of some freedoms in Eastern Europe; three, a slowing of Soviet military modernization; four, a reduction of Soviet forces in Central Europe; and, five, enhanced liberties for the peoples of the U.S.S.R.

Could you tell us whether any of those things have occurred and which ones you think have come closer to occurring, or where the trends are good and where you see no movement?

Mr. ROWEN. Well, it is moving a little more rapidly than that forecast suggested.

There are significant reductions in Soviet power in the Third World. The removal of Soviet forces from Afghanistan is an important example. That is happening.

We have just spoken of increased liberties in parts of Eastern Europe. That is happening.

While Soviet military power reductions, force reductions, have been announced, not a lot seems to have happened so far. So that is yet to come.

I hope it comes.

Parts of that program are quite visible.

Chairman NUNN. Would you say that, overall, these things are happening faster than you thought they would happen?

Mr. ROWEN. Well, certainly faster than in that book, yes.

Chairman NUNN. It is surprising to all of us, I would think.

Mr. ROWEN. Oh, indeed.

Chairman NUNN. Mr. Rowen, do you have any other comments? Senator Wirth is here and Senator Lott is here. We had informed people we were going to try to do some voting at 10:15, but we have another nomination, and I have sent word that the vote will occur closer to 10:30 or 10:35. We have a lot of military nominations that we have to vote on and we have to have a quorum.

Senator Lott or Senator Wirth, I would defer to you for any questions.

Senator WIRTH. Thank you, Mr. Chairman.

As we look at the changing world that you and Senator Nunn have been discussing this morning, Mr. Rowen, it seems to me that there are emerging a number of other threats to our security around the world, which move from the relationship between the United States to the Soviet Union, move even in part from a military set of threats to a different kind of concern that is emerging rapidly as we move into the 21st century.

I think in particular of two. One is population; the second is the environment.

Do you, in your coming responsibilities, assuming that you are confirmed, have responsibility to begin to take into account, for example, what happens if population grows dramatically? What is that going to do to the integrity of borders? What is that going to do to immigration policy, not only for us but around the world?

If climate change becomes the reality that most are now predicting, what effect is that going to have on famine? What is that going to do to waterways, the integrity of naval routes, and so on?

I can think of a lot of ramifications of this sort of thing.

Maybe you can just reflect on that a bit? Could you do that?

Mr. ROWEN. I am prepared to reflect, but you do catch me rather cold on it. I have not given thought to these items as being ones in which the Defense Department would play a role.

But, on reflection, one of the activities that I would be responsible for involves humanitarian assistance. In fact, there is a very valuable and useful ongoing activity with regard to humanitarian assistance which the Defense Department carries out.

I suppose, by extension, I could imagine more activities of that sort along the lines you suggest, although population control does seem to me to be a far cry from anything the Defense Department would want to or should get involved in.

Senator WIRTH. Why is that?

If the population grows dramatically and you have increasing destabilization as a result of dramatically increased population, aren't those variables that we ought to be thinking about? It seems to me those are going to be very significant threats to the kind of political stability that we would like to see.

Mr. ROWEN. One has to be aware of what competencies the Defense Department has to bring to bear on this.

Senator WIRTH. We are doing humanitarian aid.

Mr. ROWEN. Definitely.

Senator WIRTH. I am just curious as to your ideas.

Mr. ROWEN. Well, as I said, I had not thought about this. But what does the Defense Department bring to the party here, or what could it bring potentially? It is not obvious to me, beyond the humanitarian sorts of things you have described, that it would have much to contribute.

I would guess other agencies of the Government, such as A.I.D., would have a lot more to contribute.

Senator WIRTH. Well, I could imagine that if the Defense Department said hey, the population issue is going to be of very significant importance to this country and to the globe in the year 2000, 2010, or 2020, and the Defense Department were then to urge A.I.D., the State Department and the White House to really spend a good deal of time on this, that would be a very important voice to be heard.

Now those are resources of the intellect and resources of careful analysis, it seems to me, that would not be difficult to draw those correlations were you to make a decision like that.

Mr. ROWEN. I think that it would be, and you anticipate what I was going to suggest. It would be on the analytical side, the research side, the forecasting side that perhaps the Defense Department might have something useful to contribute. But that would have to precede anything that might be programmatic.

Senator WIRTH. There is no question about that.

Mr. ROWEN. I'd just have to think of what it might be.

It may be there is something to be done there.

Senator WIRTH. I will close with this.

I just remember when people were talking about the nuclear winter and the potential for nuclear winter. We had a very interesting hearing with Richard Perle and a number of other people in 1981 as to what they thought about that. They said well, we don't have any expertise in that area. It is not relevant to what we are doing.

Well, it is enormously relevant to what they were doing and what they were thinking about. After a period of time, we got them to focus a little more seriously there. As you know, that has now entered the debate, and people are now thinking about broader ramifications of what would happen if X, Y, and Z were to occur.

That is the kind of thing that we ought to be asking you at a time of this rapidly changing world. Perhaps you should be thinking quite differently, more broadly, or looking through a different kind of lens, about a world that is rapidly changing out there and is not locked into the great power confrontations of the late 1940s 1950s, and 1960s, that have framed all of our thinking about what our relationship is with you. It seems to me that should be changing very quickly, too.

Mr. ROWEN. Duly noted.

Senator WIRTH. I appreciate that.

Thank you very much, Mr. Rowen and Mr. Chairman.

Chairman NUNN. Thank you, Senator Wirth.

Mr. Rowen, thank you very much.

I do not sense anything other than enthusiasm for your nomination. So I would hope we would be able to move on it rapidly.

Senator WILSON. Mr. Chairman.

Chairman NUNN. Senator Wilson.

Senator WILSON. I will in no way take exception to the Chairman's last statement.

I have known the nominee for a great many years and have great enthusiasm for him. I feel that we are fortunate to be able to secure his experience and distinguished service.

Chairman NUNN. Thank you, Senator Wilson.

I had announced that at 10:15 we were going to try to vote. We have another nomination to hear and we have postponed our vote till quarter of 11. I hope that we will be able to vote then, but it depends on how many questions we have and so forth.

But I would serve notice that we will try to vote at quarter of 11 on a number of military nominations. Depending on circumstances, we may be able to vote on a couple of these nominations as well.

The committee will now consider the nomination of Mr. Stephen J. Hadley, to be Assistant Secretary of Defense for International Security Policy.

Mr. Hadley, we welcome you before the committee today.

I understand that your wife, Ann Simon, is present in the audience, and we would certainly recognize her this morning.

We are delighted to have you.

I understand that you are an Assistant U.S. Attorney in the District of Columbia. You have a very reponsible position of your own.

The position, Mr. Hadley, for which you have been nominated by the President is, of course, one of the more important positions in the Government and the Department of Defense.

As you noted in your response to one of the advanced questions I submitted to you last week, your responsibilities cover a number of broad areas on the cutting edge of U.S. and allied security policy.

These include U.S. policy related to NATO, theater nuclear forces, strategic forces, conventional forces, arms control verification, and space.

Of course, that is a tall order. I am sure that you feel challenged by that. Just as your predecessors were.

The committee knows of your previous job experience in the 1970s in the Defense Department and in the National Security Council.

We are also aware of your work experience for the last 12 years at a Washington law firm, where one of your colleagues is a gentleman well known to the Chairman and members of this committee, Mr. Jim Woolsey. He recommended you very highly for this position.

Of course, Jim's recommendations carry very special weight with me and with many other people in the Senate.

The committee is aware of your continuing involvement in the national security field while you were working in the law firm, as well as your service as counsel to the Tower Commission.

I have received written responses to 15 questions I asked of you last week, and I would ask unanimous consent that those questions be put in the record.

[The information referred to follows the hearing record.]

Chairman NUNN. I would call on Senator Warner for any comments, and then I will turn to you, Mr. Hadley, for any observations you would like to make about your responsibilities, if confirmed, as you visualize them.

Senator WARNER. Mr. Chairman, I associate myself with your remarks, particularly those relating to Jim Woolsey. We have all known Mr. Woolsey for many years and his recommendation does carry great weight with the Chairman, myself, and other members of this committee.

But you stand in your own right, with a very proud accomplishment of responsibilities through the years. I am pleased to note the confidence that the President of the United States has reposed in you. In my judgment, you are fully qualified to perform the duties. It is my hope and expectation that the Senate will speedily confirm you.

Chairman NUNN. Thank you, Senator Warner.

Mr. Hadley, we welcome any comments you might have.

STATEMENT OF STEPHEN J. HADLEY, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY POLICY

Mr. HADLEY. Mr. Chairman and members of the committee, I deeply appreciate the opportunity to appear before the committee as President Bush's nominee to be Assistant Secretary of Defense for International Security Policy. I am honored at the confidence he has placed in me and by the consideration the Senate is giving to my nomination.

If confirmed, I look forward to working with Secretary Cheney, Deputy Secretary Atwood, and Under Secretary Wolfowitz, as well as this committee, on important matters of the United States national security policy.

I want to associate myself with the comments that were made earlier about both the complexity and the uncertainty of safeguarding the Nation's security in this particular time. The objectives of adversaries, once thought to be immutable, may be changing and, although we can have hope that these changes will result in a more harmonious international environment. the recent events in China, which were discussed earlier this morning, underscore the great uncertainty involved in all these developments. We must do what we can to share the future security environment by developing our own strategies and approaches for dealing with this environment, but we must be realistic about the extent to which events are beyond our control.

Arms control is obviously an important element of the responsibilities of the Assistant Secretary of Defense for International Security Policy. It has a serious and significant role to play in support of United States national security. But it is no substitute for an effective military capability. It is one element, an important element but only one element, in a comprehensive national security strategy. We need sound decisions relative to the development of that strategy and our force posture, and these are of paramount importance. In each of these areas, I want to emphasize my own personal commitment to Secretary Cheney's goal of insuring that strategy and policy drive programmatic decisions, rather than the other way around.

We have both opportunities and challenges in the national security arena. In responding to these challenges, we have the benefit of a strong foundation of economic vitality, a strengthened military and healthy alliances. With prudence and clear vision of our vital interests, we can both meet the evolving challenges and take advantage of the opportunities that these circumstances present to enhance the peace and security for ourselves and for our allies.

Thank you for your consideration.

I look forward to receiving and responding to any questions the committee may have.

[The prepared statement of Mr. Hadley follows:]

Prepared Statement of Stephen J. Hadley, Assistant Secretary of Defense for International Security Policy—Designate

Mr. Chairman and members of the committee. I deeply appreciate the opportunity to appear before the members of this Committee today as President Bush's nominee to become Assistant Secretary of Defense for International Security Policy. I am honored by the confidence that he has placed in me and by the consideration the Senate is giving to my nomination. If confirmed, I look forward to working with Secretary Cheney, Deputy Secretary Atwood, and Under Secretary Wolfowitz, as well as this committee, on important matters of United States national security policy.

Safeguarding the Nation's security has never been a simple task. Yet it is now more complex and challenging than at any other time in the post-war period. The objectives of our adversaries, once thought immutable, may now be undergoing unprecedented change, with as yet unknown consequences. Although our hope is that these changes ultimately will result in a more stable and harmonious international environment, recent events in China serve to underscore the great uncertainty involved in these developments. We must do what we can to shape the future security enviroment by developing our own strategies and approaches for dealing with the complex and changing environment, but we must be realistic about the extent to which events are beyond our control.

The development of our national security policies must be characterized by both vision and flexibility that will permit us to take advantage of emerging opportunities and to meet evolving threats. Evidence of this vision is already manifest in President Bush's conventional arms reduction initiative, which offers the real prospect of enhanced security and stability in Europe at significantly lower force levels. This same vision is required in our approach to the NATO alliance in order to ensure that we maintain an adequate defense and deterrent capability even as

Europe prepares to reorganize itself politically and economically in unprecedented ways.

Arms control has a serious and significant role to play in support of United States national security. But arms control is no substitute for an effective military capability. It is one important element in a comprehensive national security strategy. Sound decisions relating to the development of our strategy and force posture for our nuclear and conventional forces are of paramount importance. Of equal importance are decisions related to the development of space policy and strategic defenses. In each of these areas, I am committed to Secretary Cheney's goal of ensuring that strategy and policy drive programmatic decisions, and not the reverse.

The United States faces both opportunities and challenges in the national security arena. In responding to these challenges, we have the benefit of being able to build on a strong foundation of economic vitality, a strengthened military and healthy alliances. With prudence and a clear vision of our vital interests, we can both meet the evolving challenge and take advantage of opportunities to enhance the peace and security for ourselves and our allies.

Success in our endeavors will require national unity and bipartisan consensus. President Bush and Secretary Cheney have indicated their commitment to the goal of bipartisanship in national security policy. If confirmed, I will endeavor to support them fully in this effort.

Thank you for your consideration. I look forward to answering any questions the committee may have.

Senator WARNER [presiding]. Mr. Hadley, this week, a number of us have had the opportunity to work with the President and indeed this committee has held hearings on this subject of mobility and the two land-based systems.

Speaking for myself, I strongly support the President. I believe at this time, and in my own humble judgment in the foreseeable future, the United States needs both systems.

I detect a growing support for the President's programs, the two of them, here in the Senate at this time.

The START negotiations are underway. I noticed this morning in the press the exchanges between our ambassador and his counterpart from the Soviet Union are, for lack of a better word, classified as such. They are not being made public.

I am not asking you in any way to breach that classification. But I am concerned about mobility surviving a finalized version of a START Agreement between the two countries. I think it is essential.

I think it highly unlikely that the Soviet Union would offer up mobility, both land and rail, and, therefore, I think it will survive START.

I think it is a stabilizing element to have mobility in both our arsenals for the land-based systems.

Now, what are your views on that subject? You will have some area of responsibility, will you not, in that decision-making process in the Department?

Mr. HADLEY. I fully support your comments, Senator. I think mobility is extremely important.

The dilemma we face in this issue is that the very characteristics of mobility that give our systems survivability and contribute to the overall health of our deterrent raise an issue on the verification side with respect to our ability to insure that if mobile ICBMs are permitted and there are some limits on those systems contained in a START Agreement, that the Soviet Union is abiding by those limits.

I think that what we have to do is both support our own modernization program extremely firmly, extremely strongly, and also, in the negotiations, try to get to work on the verification issues so that we can be sure that under a regime in which mobiles are permitted, we have both a viable and robust program on our side and also can deal with the verification issues, in terms of insuring that the Soviets are complying with that agreement.

Senator WARNER. I agree with you 100 percent on that. I think the President was wise to attach a special priority to the need for a better understanding on the potential verification regime before we get too tied down with the substantive issues.

You heard my questions to Mr. Rowen about the reference to "partnership" by Gorbachev.

Would you care to comment with your views on that phraseology.

Mr. HADLEY. I agree with you 100 percent.

It is a long way from beyond containment into partnership. We are only seeing whether it is possible to move beyond containment. Partnership is just not in the cards.

Senator WARNER. Also, I queried Mr. Rowen on the concept of forward deployed strategy, which we've relied on for some 40 years. I hope we can continue.

But I have my own personal concerns about the ability to continue that with the degree of reliance that we have had over the past some 40 years.

Do you share any concern for the future of the ability to have the degree of reliance on forward deployed strategy in the future?

Mr. HADLEY. It is a difficult issue. I am most familiar with it in the context of our NATO strategy. As I understand the considerations that went into the President's most recent initiative, and also the crafting of the NATO position on CFE, there was an effort to have a position that envisioned reductions on the side of NATO that would still support and leave viable the current strategy of forward defense.

That seems to me to be a sound position. It is a strategy that has served us well over the years.

I think one of the questions that we have before us is if there is a time when we move beyond what is envisioned in the current NATO proposal to deeper reductions, then the constraints of just geography raise questions about that strategy.

I think one of the things we need to do is to begin asking ourselves and doing the analysis to see what kind of strategy we could sustain at different and lower force levels. It is a very important issue.

Senator WARNER. My last question would be with reference to the importance of the SDI program. It has gone through a number of iterations.

It remains, in my judgment, an essential building block for our future deterrence.

What are your personal views on it?

Particularly, assuming that both the land-based systems are approved by the Congress in fiscal year 1990 and fiscal year 1991, it is my hope that the additional moneys that Secretary Cheney pledged that he would assign to that program in the out-years would not be drawn from an SDI program.

Mr. HADLEY. I am a strong supporter of SDI. I think Secretary Cheney also is a strong supporter of SDI.

While I have not discussed this issue with him, I am confident that he will not try to reduce the funding or pay for other programs out of that budget.

It is a very important program.

Senator WARNER. Thank you for that reassurance.

Just one last question, Mr. Chairman.

In your capacity, you will have a great deal to do with the conventional talks in Vienna, and I think it is imperative that the Department of Defense, really at levels below the Secretary, down into the service Departments—that is, the Departments of Navy, Army, and Air Force—be kept informed on a real-time basis about those discussions. We have an opportunity I think to make a bold step forward in reducing the symmetry of forces there. But at the same time, I would expect the Senate, in its confirmation, that is, in the process of advice and consent on the treaty, would look very carefully at the views of the senior military, should the treaty be presented by the President at some future date.

This would require not a last-minute consultation with the military, but an ongoing and a real-time consultation.

Are you prepared to indicate to the committee that you, personally, working with the Secretary, will assure that the senior military in all three branches, departments, will be kept informed?

Mr. HADLEY. Absolutely, Senator.

It is a very important priority.

One of the things that Under Secretary Wolfowitz and I have talked about is the possibility of institutionalizing a coordinating entity within DOD to deal with arms control issues, precisely to insure the kind of information and coordination that you are referring to.

Senator WARNER. I thank the Chair and I thank the witness.

Mr. HADLEY. Thank you, Senator.

Chairman NUNN [presiding]. Mr. Hadley, on the SDI program that you were talking to Senator Warner about, in the written questions I asked you about the Nitze criteria of technical feasibility, survivability and cost effectiveness at the margin. You discussed these, but you didn't say yes or no, whether you agreed with the Nitze criteria.

I am sure that was inadvertent.

Do you have a yes/no answer on whether you generally agree with the Nitze criteria?

Mr. HADLEY. Senator, I have a "yes, but" answer, which I think ends up as a "yes."

The cost effectiveness at the margin criteria is one that I have struggled to understand.

My concern in some sense is that the phraseology is too narrow. But the point and spirit of it is exactly right. We need to have a system that has incentives built into it so that there is not a temptation on the part of the Soviets to respond to SDI by a proliferation of offensive systems.

I think that is the spirit of the criteria.

In some quarters it has had a connotation of a very narrow budgetary kind of connotation, that if it were a small dollar increment on the part of the Soviets to respond with additional offensive systems over the cost of what it is on the defensive side, or if it were marginally cheaper, that that somehow should drive the decision.

I think we have to look at it not in narrow budgetary terms but overall in the context of economic and other incentives that would encourage and convince the Soviets that they could not respond to an SDI deployment by simply proliferating offensive systems.

Chairman NUNN. How about the other Nitze criteria, the survivability and technical feasibility?

Mr. HADLEY. Yes. I certainly subscribe to those.

Chairman NUNN. So as I understand cost effectiveness at the margin, you are saying you agree with it conceptually, but it should not be applied in a mechanical way? Would that be fair? Not in a simply——

Mr. HADLEY. Narrow cost effectiveness tradeoff. Yes, that's correct.

Chairman NUNN. On another subject, President Bush has proposed that we would be willing to go down to 275,000 troops in Europe if the Soviet Union comes down very substantially to the same common ceiling.

I suppose the implication from that is that President Bush will not be advocating that we come down from where we are now in the absence of arms control.

Would you say that was the implication?

Mr. HADLEY. I would say that was the implication.

I think that having the prospect that we seem to have of a major breakthrough, a Soviet willingness to contemplate these asymmetric reductions, which I think people a year or so ago would have said were wholly unrealistic to ask for, means that we have a real opportunity for an agreement here that could substantially contribute to an improvement in the military situation in Europe.

We don't know whether he will, in fact, come through. But, in the interim, it seems, for purposes of negotiating that arrangement, it is important for us to maintain our strength and to maintain the commitment of ourselves and our allies to a strong defense in Europe.

Chairman NUNN. Would you say the same thing would apply to allied manpower levels, that they should maintain their levels while we are negotiating?

Mr. HADLEY. I would say the same thing.

Chairman NUNN. Well, on a scale, would you say that that is very important, that all of us maintain, that we move together as an alliance?

Mr. HADLEY. I think it is very important. I think it is reflected in Secretary Cheney's actions at the recent DPC meeting, which was to affirm NATO commitment to the 3 percent and encourage on a number of issues the need for the NATO alliance to maintain its commitment to defense, particularly in light of the prospect of these negotiations.

Chairman NUNN. How would you view it in terms of effect on American policy if, let's say, the West German Government were to decide to reduce their military manpower over the next couple of years, independent of arms control, in the neighborhood of 30,000 to 50,000 people in active forces?

Mr. HADLEY. This is a time when the United States really needs to exercise some leadership in the alliance. The political situation in the Federal Republic is well known and well understood, and I think Secretary Cheney sent the right message at the DPC, that we are willing to exercise this leadership in terms of our encouragement to our allies, but also in terms of our own example with our own force commitments.

I think that is extremely important. Hopefully we can hold the alliance behind us on that issue.

Chairman NUNN. Would you be very assertive in opposing that kind of unilateral cut by not just the German Government, if they were to choose to move in that direction, but by other allied governments?

Mr. HADLEY. Yes.

Chairman NUNN. Senator Wirth.

Senator WIRTH. Thank you very much, Mr. Chairman.

Mr. Hadley, our mutual friend, Randy Jayne, said very nice things about you, and I would be remiss if I did not bring his greetings as well.

We appreciate your willingness to take on this extremely important responsibility.

Last week, I had the privilege of speaking with and spending a good deal of time with a panel at CSIS on conventional arms control. There were representatives there from the academic community, from Defense, from State, and from a variety of other groups, looking at the conventional arms control and particularly at the verification area.

They had asked me to come and participate because of my interest in confidence-building measures or the less technical side or "softer" side of verification.

We spent a good deal of the afternoon focusing on the potential of merging the two, or of using CSBMs and that whole approach that came out of Stockholm and some of the initiatives that are being suggested now as a way of beefing up and learning a great deal more about verification.

Now that was just prior to the President's statements on verification. So it was a very interesting kind of combination.

But, more interesting than that, even, is the fact that when you start to think about verification and conventional arms control, it becomes tortuously difficult, as you well know. You can count missiles and you sort of know where the production facilities are, and so on. But on the conventional side, it is going to be much, much more difficult, and it seems to me that we ought to be committing a lot more resources now to trying to figure out how we might do this sort of verification and what other kinds of methods might be proposed.

A number of interesting ideas came out of that group. They are, I think, now going to set up an independent group on verification and the conventional arms control side, which would bring in a lot of this expertise, on the sense of the people around the table that that had really not been something that had been focused on with the sort of attention that we are now going to need and that we had better begin now.

All of that is sort of background to the question, which is to ask you to comment on conventional arms control and verification and this whole kind of direction that we might be pursuing.

I realize that that is a bit fuzzy at this point, and we all agreed that it was, but that it needed a lot of work.

I will now turn it over to you.

Mr. HADLEY. I think that's absolutely, right. It needs a lot of work. The verification problems are going to be very difficult.

One of the things I think we have to do is look at the INF experience and try to see what we can learn from that experience.

One of the things a number of people have suggested to me already is that one, you need to work on the verification issues early; and, second, you need to make sure that you have really tapped, not only within the Department, but also within the Government as a whole, and I would include outside of Government, people who have expertise in the area of verification.

It was suggested to me by someone who is I think in a position to know that, had we had more time on the verification issue in INF, there were some technical solutions which we would perhaps have looked at more seriously.

I think it is very important to get a jump on those issues now, both in terms of START, and particularly in terms of the CFE talks.

I think confidence-building measures are very important. They are, though, different from verification. Verification is really directed toward verifying, insuring compliance with agreed treaty provisions.

Confidence-building measures I think make a contribution outside of that, and I think the issue of whether to merge those exercises or keep them separate is a very difficult one. I am inclined to keep them separate because I think they both contribute in a very different, but, nonetheless, very important way.

I think both are important. But I subscribe to your view about needing to get to work now on the verification issues.

Senator WIRTH. Let me expand just a bit, if I might, on the relevancy of confidence building and that kind of more cooperative approach, say between NATO and the Warsaw Pact, or the United States and the Soviet Union, to verification.

We have traditionally, I think, looked at verification more from a technical standpoint—what can we do with national technical means, what can we do with other national assets, to determine that what we have agreed upon is, in fact, being complied with by them and by us.

That is going to be in the conventional area much more problematic, much, much more difficult to do.

We are probably going to require a lot more on-site inspection in this, a lot more sort of less technical, but more proliferated monitoring means. We are probably going to require a lot more exchanges between our Armed Forces and their armed forces to assure that this happens.

All of those are going to be items that we probably are going to have to do on the conventional arms control verification side. And all of those, at the same time, are items that we have been exploring and have been pretty successful with post-Stockholm.

In terms of officer exchanges, Admiral Crowe participated in this extraordinarily different venture that would have been almost unthought of 2 years ago, when we precluded our military officers from any kind of discussions like this. There are all of the inspections and the challenge inspections that we have conducted with the Soviets that have gone very well in a limited amount, and some of the changes that we have in mind.

It seems to me that there is a real parallelism between a lot of the things that we probably are going to have to do on conventional arms control and what we've learned from Stockholm.

So I would just suggest to you that there is not a divergence or a difference as dramatic as perhaps one might think, looking at it at first blush.

When you stop to think about how you go about working through these verification issues, I think you are going to find yourself getting involved in a lot of the things that we have done under Stockholm already, wanting to augment those and probably wanting to do other approaches that have been suggested.

Finally, I would say that on the verification side, it may well be that partnership is going to be in the cards; that we may be trading not only softer verification measures with the Soviets, so that we know what they are doing and they know what we are doing, but we may have some of the more "Stockholm-like" verification processes. And we may be in a greater partnership with them in some more technical exchanges as well, so that each of us understands what the other is using and what the other is seeing and how valid that technology is.

So, it would be my view that we would probably have some real opportunities in this whole area for partnership. I know you didn't mean to preclude any partnerships, but there are some cooperative endeavors that we certainly, I think, ought to be considering in this area.

Mr. HADLEY. I did not, in my earlier answer, want to suggest that the solutions I think we need to be looking for are only technical solutions, are only national technical means solutions. I think that precisely negotiated verification measures as well are going to be essential.

The experience in connection with the CSBMs is a place to look for those measures.

I think it is important, though, to make sure that we do not substitute what appears to be partnership in verification for effective measures that really insure that the limits are complied with. That, I think, is a comment that you would agree with.

Senator WIRTH. And we know that that effectiveness is going to come in a lot of different kinds of packages. We have to think more broadly about what "effectiveness" and what "verification" means, especially if we are ever going to get a treaty through here.

You know, the biggest hassle up here was the verification issue on INF.

Mr. HADLEY. Absolutely.

Senator WIRTH. That was a 2 on a 10 scale of difficulty, compared to what we are going to have to do with conventional arms control.

Mr. HADLEY. Absolutely.

That's why we need to get working on it now.

Senator WIRTH. Good.

We would like to include you in this group, and your people as soon as you get through this whole process.

We will get back in touch with you on this and maybe get some people, somebody from your office, to participate in what CSIS is mounting in this area. I think it could be very useful.

Mr. HADLEY. Good. I would like to do that.

Thank you, Senator.

Chairman NUNN. Thank you, Senator Wirth.

Senator Levin is next.

Let me say that we had told everybody to come back here at quarter of 11. I don't want to cut Seantor Levin short. He has been patiently waiting here.

I would ask Counsel to send out word that we are going to try to get a quorum in 5 minutes, at 5 minutes to 11.

Senator LEVIN. Thank you, Mr. Chairman.

Welcome to you, Mr. Hadley.

Mr. HADLEY. Thank you, Senator.

Senator LEVIN. Congratulations on your appointment.

Is it your understanding of the administration position now on mobiles that they are willing to modify their START position in order to allow mobiles or some mobiles, providing we fund both MX and Midgetman?

Is that the current position of the administration?

Or is it that they will consider allowing for mobile ICBMs only if we fund both those systems and if such systems can be effectively verified?

Mr. HADLEY. The short answer is I don't know.

Senator LEVIN. Well, what is your position?

Mr. HADLEY. My position I think is this. It is a position I tried to set out earlier.

It is that mobility is important; mobility, permitted under a START regime, will require us to have a robust mobile ICBM program, because I think we would all agree that the worst outcome would be mobiles permitted in START and the Soviets to have a robust program and we not to have one; that in addition, it is important that any START Agreement be effectively verified; and that if mobiles are permitted under a START arrangement, we need to have assurance that we can be sure that the Soviets are complying with those limits.

Senator LEVIN. What is your understanding of how the current position, announced in the last couple of days, differs from the previous administration position relative to mobility and what would be allowed under START?

Do you see any difference at all?

Mr. HADLEY. I don't.

I think there is a tactical issue about this mobile ban position, and I think it is a tactical issue. I had thought that having a mobile ban position on the table gave us leverage with the Soviets in negotiating an effective verification regime. That would suggest that there is a tactical consideration of if you want to fall off that position.

But it is also true that it is an issue with respect to the support of the ICBM modernization program by the Congress and the public at large. It is a tactical decision that is going to be made, I think, at the highest levels of this Government, quite rightly. It is going to need to look at both those elements, because I think we would agree, and I think the Chairman, in his comments, as reported in the press, indicated that you need both elements.

Senator LEVIN. I am just interested in your own impression.

Do you see any difference in the current position, announced in the last few days, and the prior position of the last administration?

If the answer is yes, there is a tactical difference, then your answer is yes.

Mr. HADLEY. The prior position of the last administration?

Senator LEVIN. Has the position changed any that you can see?

As I understand the former position, it was that we had the ban because we didn't know how to verify.

Mr. HADLEY. I think that's right.

Senator LEVIN. The current position is that if we can verify them, we'll allow them. To me that's saying in a different way exactly the same position.

But I am more interested in your view here and not in stating mine.

Mr. HADLEY. I think there is a new element.

Senator LEVIN. What is the new element?

Mr. HADLEY. The new element is that President Bush has decided on an ICBM modernization program, which he has sent up to the Hill and is seeking support for, quite properly.

Senator LEVIN. I'm talking about our arms control position.

Is there any difference that you can see in our arms control position?

Mr. HADLEY. Our arms control position now is, as I understand it——

Senator LEVIN. All I want to know is do you see any difference between what it is now and what it was under the last administration. That is my question.

Mr. HADLEY. I don't see any difference in the position.

I think the decision on what to do about the ban is going to reflect both verification, which was highlighted very much by the last administration, and the ICBM modernization program, which is the new element that comes from the President's recent decisions.

Senator LEVIN. Thank you.

If the MX missiles were put on railroad cars and we reached an agreement to ban MIRVed mobile ICBMs, would it be then your personal preference to return the MXs to their silos or to dismantle them?

Mr. HADLEY. The MX has given us, as you well know, a prompt hard target kill capability, and in that respect has redressed an asymmetry in the force structures of the two sides.

I think we would have to be very loath to give up the MX and return to a situation where the Minuteman III is our top of the line ICBM, when the Soviets have the SS-18 force, and indeed maybe even a moderate SS-18 force.

So I think that we would need and would want to do that.

That, however, raises some verification questions in itself, which we need to deal with, because of the particularities of the deployment mode of the Soviet SS-24 system.

Senator LEVIN. So your answer, then, is that you would hope we would return those MXs, under my hypothesis, to their silos?

Mr. HADLEY. Yes.

Senator LEVIN. Finally, I notice that you were counsel to the Tower Commission, which investiga[illegible] covert arms sales to Iran.

Can you tell us whether or not it is your belief that the administration turned over to the Tower Commission all the documents which it had promised to turn over to the Tower Commission for its deliberation?

Mr. HADLEY. I was not personally privy to the negotiations between the Tower Board and the White House counsel.

I personally have no knowledge of any documents that were requested were not turned over.

But I am not the best person to ask.

Senator LEVIN. But as far as you know, what the commitment was, it was kept—as far as you know?

Mr. HADLEY. So far as I know, yes, sir.

Senator LEVIN. You have no opinion to the contrary?

Mr. HADLEY. I have no knowledge to the contrary.

Senator LEVIN. Or opinion?

Mr. HADLEY. Or opinion.

Senator LEVIN. Thank you.

Chairman NUNN. Thank you very much, Senator Levin.

If there are no further questions of Mr. Hadley, we will excuse him from the witness stand.

We are delighted to have you wait while we continue in our open session. But I think that is all the questions that we have.

Mr. HADLEY. Thank you, Mr. Chairman.

Chairman NUNN. Senator Warner and I have examined the FBI report on both Mr. Rowen and Mr. Hadley, and I believe that we both agree—and I will let Senator Warner speak for himself, that there is nothing in that report that would in any way impede or prevent the Senate from properly deciding in favor of both nominees. There is no impediment in the report that I can see at all, and there is no question there in either report.

Senator Warner.

Senator WARNER. I concur in that, Mr. Chairman. There are no facts which, in my judgment, would require the further attention by other members of this committee and prompt them to have a line of inquiry different than they would otherwise.

Chairman NUNN. Thank you, Senator Warner. I have a prepared statement from Senator Dixon that he wishes to have included in the record.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT OF SENATOR ALAN J. DIXON

Today the committee meets to consider the nominations of Mr. Stephen Hadley and Mr. Henry Rowan to be the Assistant Secretary of Defense for International Policy and International Affairs, respectively.

Both of our nominees are highly qualified for these two positions, which are becoming increasingly more important as the international situation continues to change dramatically.

I am also glad that we are finally getting a defense team in place so that critical defense issue can be address and solved as soon as possible. I thank our witnesses for being here today and I look forward to their testimony.

Chairman NUNN. Are there any questions that committee members have to the Chairman or ranking member about the FBI reports?

[No response.]

If not, let us proceed.

[Whereupon, at 10:57 a.m., the committee proceeded in open session to a vote.]

[Prepared questions submitted to Henry S. Rowen by Senator Nunn prior to the hearing with answers supplied follow:]

JUNE 20, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Mr. CHAIRMAN: I am pleased to forward answers to the 13 questions on defense policy contained in your letter of June 16, 1989. I look forward to discussing these and other important issues during your hearing on my nomination to be Assistant Secretary of Defense, International Security Affairs on June 21, 1989.

Question (1.) Given your extensive background in national security matters, what do you consider to be the most serious problems confronting the Assistant Secretary of Defense for International Security Affairs? What management techniques would you employ to address these problems?

Answer. The general national security outlook appears more favorable than it has for many decades, given:

The crisis of the Soviet Union and its shift away from overwhelming emphasis on military power towards greater interest in improving its dismal economic performance.

Selective Soviet withdrawals from the empire aboard, not only from Afghanistan, but also signs of pulling back or reducing support in Angola, Vietnam, Ethiopia and elsewhere.

Increasing political pluralism and independence of action in Poland and Hungary.

More broadly, the fact that Communist regimes worldwide are under great pressure.

In addition, the ending of the Iran-Iraq war has stopped its great human toll but also has reduced the threat to the non-Communist world's oil supply; the prospect of Vietnamese withdrawal from Cambodia offers the possibility (although by no means certainty) of an improved situation there; and the emergence of democratic regimes more widely in the world, especially in East Asia and Latin America, is a highly favorable development.

Despite these positive developments, there are important unsolved problems, and also some growing ones, that affect American security interests:

Many of the improvements I have noted may be transitory. We have recently seen a distressing shift take place in China, and favorable trends in the Soviet empire might be reversed at some point. Although there is much promise in the Soviet changes, the reality is that Soviet military power today, internal and external, remains formidable.

The conflict between Israel and the Arab countries continues.

Dependence of the United States and the rest of the non-Communist world on oil supplies from the Middle East, a region that remains politically unstable, is growing.

All too many of the democracies in the developing world, especially those in Latin America, appear fragile.

Technologies for making nuclear explosives, chemical or biological weapons, and missiles are becoming more accessible throughout the world.

The volume of drugs flowing into the United States from abroad is large and growing.

While we should exploit every opportunity to improve relations with adversaries, these continuing and new dangers imply that we still need a strong defense capability.

The management techniques I favor for addressing these needs incorporate the following principles:

Careful thought and analysis on topics that are typically complex and multi-faceted: with military, political, economic aspects. Doing this entails drawing on expertise very widely, from inside and outside of the Defense Department. As the Packard Commission has emphasized, we need closer relations among our policies, programs and resources and a necessary means to that end is a close interaction among people who are responsible for each of these domains.

Disciplined formulation of policies within the framework of the goals set by the Secretary of Defense and the President. This entails intimate working relations among ISA, other agencies within the Defense Department, the JCS, the CINCS, the NSC staff, the intelligence community and other agencies.

Close consultation with the relevant committees of Congress.

Public articulation of our security needs and our policies.

Question (2.) What do you see as the dominant trends in today's international security environment?

Answer. The most fundamental trend is the crisis of the Communist system. Although this historical turning point is shaping up as a most hopeful development, it is not without dangers. There is no guarantee that Marxist-Leninist regimes will fade quietly into history.

Another major trend is the rising economic power of many East Asian countries. Although this does not appear to have major near-term implications for our security, it is likely to do so in the longer term.

A third development is the diffusion of weapons of mass destruction worldwide and of the means of delivering them.

Question (3.) How, in your view, should the United States respond to these trends?

Answer. The most appropriate response to the crisis of communism is to do what we can to foster and encourage the shift from totalitarian, command economy systems to being pluralistic ones based on the rule of law and private property. We are doing just that now, for example, by supporting far-reaching arms control initiatives on conventional and nuclear forces. We can also encourage these countries to become politically more pluralistic and by helping to develop their private sectors. However, as noted above, we need to recognize the large uncertainties in their future character and be ready to reverse course if this becomes necessary.

As for the economic rise of the East Asian nations, the main thing we should do is remain close to them in economic, political and military relations. This is especially true of Japan, a country of great importance to us.

Dealing with the problem of the diffusion of lethal technologies requires a two-pronged effort, both of which we are pursuing: one is seeking to restrict the supply of these technologies to nations that might use them in ways damaging to our interests; the other is to limit the demand for weapons by contributing, where possible, to their security so that they perceive less need to have such weapons in their possession.

Question (4.) General Secretary Gorbachev has announced that Soviet foreign policy will be shaped by "new political thinking" about international affairs and will feature the principles of self-determination and national independence worldwide. How much weight do you believe should be assigned to Mr. Gorbachev's "new political thinking" as we consider likely changes in the international security environment?

Answer. Gorbachev's announcements on international affairs are far reaching, but they have not, or not yet, been fully matched by changes in Soviet behavior. But the changes that have occurred are significant, notably the withdrawal of Soviet forces from Afghanistan and the Soviet tolerance for political changes in Hungary and Poland. So far, the principle of self-determination has not been extended to the people of the Baltic Republics, and there are grounds for concern about how far it will be allowed to proceed in Eastern Europe. There has also been a shift in Soviet policy towards parts of the Third World but not, or not yet, in others. For example, there has been little change in its stance toward the Arab-Israeli conflict, and its announced reduced support for the Sandinistas appears to be cosmetic in nature.

Question (5.) In light of your experience in this area, what deficiencies do you see in U.S. national security strategy and in the strategic planning process? To what extent can the competing interests of the various DOD components be melded into a unified strategy in which the parts are truly subordinated to a set of common strategic goals?

Answer. I believe that future historians will regard U.S. national security strategy in the post-war era, in its broad dimensions, as a success. Collective security among free nations of the world, deterrence against aggression, and containment of the expansionist policies of the Soviet state are bearing fruit now.

Having said that, clearly a full-scale review of our national security strategy was needed in light of the profound changes taking place in the international security environment. The challenge which the President's foreign affairs and national security team faces is to strike a balance between preserving those aspects of our longstanding strategy which continue to serve t.. national interest and introducing new approaches which will prepare us for the security environment of the 1990s and into the 21st century.

The question of process is linked to strategy. Under Secretary Wolfowitz has made clear that his mandate from Secretary Cheney and Deputy Secretary Atwood includes more direct integration of policy planning with acquisition and budget activities. In the regions of the world under the cognizance of the Assistant Secretary for International Security Affairs, I foresee significant dividends from this better integration. Particularly in light of ever-tighter defense budgets, we need to tailor the military tools of American influence, including scarce security assistance resources, for maximum effect in securing influence and access in the Third World. I will participate very closely with Under Secretary Wolfowitz in this effort.

Question (6.) At a time when the international environment is in flux, how do you assess the adequacy of U.S. security assistance programs? What recommendations would you make to enhance the effectiveness of these programs?

Answer. Too little money is the greatest immediate challenge facing the security assistance program. Funding for military sales financing has declined by over 26 percent since fiscal year 1984, while the percentage of funding earmarked has nearly doubled to almost 94 percent. As a result, non-earmarked funding has declined by over 90 percent over the same period. The United States has had to eliminate funding to many countries and drastically reduce funding for the remaining non-earmarked programs.

Unfortunately, our friends' and allies' assistance needs in most cases have not declined. Indeed, in some cases, the needs have increased. Even as peace and stability are gaining in some parts of the world, violence and instability continue or are on the rise in others. The United States faces difficulties in some countries with maintaining access to foreign military facilities that are highly important to our regional defense strategies. The narcotics-producing countries of Latin America also need additional resources to combat both narcotics traffickers and insurgent elements that threaten to overwhelm existing governmental institutions.

A second challenge is maintaining enough program flexibility. The President needs a reasonable measure of discretion to act quickly and effectively in key regions.

In summary, I believe we need more money, less earmarking, and greater flexibility in this program.

Question (7.) It has been suggested that the International Military Education and Training Program (IMET) is simultaneously the most cost effective and the most under-funded form of security assistance. What is your view of the IMET program? Do you believe it should be enhanced?

Answer. I agree that IMET is the most cost-effective foreign assistance program. IMET is a people program that establishes valuable personal relationships and lines of communication with foreign military personnel, many of whom rise to prominent positions within their countries. By studying in the United States, foreign military students learn our ways and are exposed to the value we place on democracy, personal integrity, and military professionalism. They, in turn, help spread these values in their countries by sharing their experiences with military and civilian counterparts. This program also provides friends and allies with specialized knowledge and skills that improve their utilization of U.S. equipment and the management of their forces.

I would favor a funding level determined by matching the training capacity of U.S. military schools against anticipated U.S. and foreign demand.

Question (8.) During his confirmation hearing, Deputy Secrtary Atwood spoke of expanded roles for the Under Secretary for Policy in the planning, programming and budgeting system and in the supervision of officials in the Office of the Secretary of Defense. How will these expanded roles affect the responsibilities of the Assistant Secretary for International Security Affairs?

Answer. Under Secretary Wolfowitz has impressed upon his team that there is to be close cooperation among its members, prominently including the responsibilities exercised by the Assistant Secretary for International Security Affairs. In working to sustain important defense relationships in several regions of the world, I will be in a position to offer insights to the Under Secretary for Policy and to the Secretary and Deputy Secretary which take into consideration the evolving threat environment of the Third World, potential flashpoints for regional conflict, and the views of our defense representatives around the world as well as those of our allies and friends. An international agenda reflecting these elements will be an important factor in the mission-oriented planning focus mandated by Under Secretary Wolfowitz and supported by the Secretary and Deputy Secretary.

Question (9.) Title 10, United States Code, provides that the duties of the Assistant Secretary for International Security Affairs are to be prescribed by the Secretary of Defense. Should you be confirmed, what duties do you expect that Secretary Cheney will prescribe for you?

Answer. I expect that Secretary Cheney, Deputy Secretary Atwood, and Under Secretary Wolfowitz will look to me and my regional deputies to engage in those activities required to sustain the broad ranging security cooperation we presently enjoy with countries throughout Asia, the Middle East, Africa and the Inter-American region. This is ISA's principal function.

Additionally, I expect to be called upon to render policy advice and assistance when the use of American force is contemplated or when American interests are threatened in the unpredictable Third World. Again, ISA is well equipped for this task.

Question (10.) The Goldwater-Nichols Act stipulates that the Under Secretary for Policy shall assist the Secretary of Defense in preparing written policy guidance for the preparation and review of contingency plans. Have you been briefed on this legislative requirement? Where would you place this responsibility on a prioritized list of your duties?

Answer. I have been briefed and fully support the direction contained in the Goldwater-Nichols Act, which provides that the USD(P) shall assist the Secretary of Defense in preparing written policy guidance for the preparation and review of contingency plans. Then-Secretary Carlucci provided the current guidance to the Chairman in January. If confirmed, supporting this function as directed by USD(P) will be a high priority for me.

Question (11.) The Assistant Secretary for International Security Affairs is responsible for Foreign Military Rights Affairs, which includes the negotiation of base rights, operating rights and status of forces agreements. There has been some criticism of the inability or unwillingness of U.S. negotiators to pursue aggressively our objectives. There has also been criticism that our negotiators have refused an appropriate role for the commanders of the regional combatant commands. Do you believe these criticisms are merited? If so, what steps should be taken to remedy the situation?

Answer. Any U.S. negotiator of overseas basing agreements in today's international environment is faced with strong pressures for host country control of U.S. activities at a time of declining funds available for compensation. Moreover, the final agreement must be one that is acceptable to both parties—the host government as well as the U.S. forces which will operate under it.

Accordingly, no agreement of this nature is without its critics. As to whether such criticism is warranted, I have not been involved in recent negotiations, and do not yet have expert knowledge of the subject. I can assure you, however, that any negotiations for which I will be responsible will involve full and direct participation by the unified commands concerned. This will enable military considerations to be carefully weighed at each stage of the negotiations.

Question (12.) The United States will be required to negotiate a number of base rights agreements in the coming months. In an era of declining resources available to underwrite such agreements, what alternative inducements do you think might be feasible to secure these rights?

Answer. Basing of American forces in foreign countries should be rooted in a mutual perception of interest. Where the host government does not perceive a strong interest in having us there, but sees instead its interest as being more financial in nature, the relationship is likely to be neither satisfactory nor stable.

In any case, we need to be sensitive to the domestic political needs of these countries. In so far as possible, without derogating from the operational readiness or flexibility of U.S. forces, we will seek greater participation by host country military forces, so that they do not regard U.S. military activities and facilities as wholly unilateral in nature. Any joint arrangement of this nature needs to be carefully tailored to the country in question. It could involve joint exercises and training, as well as participation by third countries from the region concerned.

We will draft basing agreements in such a way as to minimize their impact on the sovereignty of the host country, and to maximize their role in the common defense. Where appropriate, we should capitalize on any economic or trade benefits which the host country may be receiving from the United States. Finally, to the limited extent possible under U.S. law in the absence of a treaty, such as NATO SOFA, we can offer rights and privileges for host country forces in the United States.

Question (13.) One of the most important day-to-day responsibilities of the Assistant Secretary of International Security Affairs is to represent the Department of Defense at various National Security Council and inter-agency meetings. Decisions reached at such meetings often have wide ranging and substantial impact on the Office of the Secretary of Defense, the Military Departments, and the operating forces. Given your broad responsibilities, how do you plan to ensure that you have the best possible input from the various components of the Department and that you keep informed as to the policies and decisions of the Secretary and his senior advisors?

Answer. I am confident that I will be working closely in coordination with Under Secretary Wolfowitz, the Secretary and the Deputy Secretary to represent the Secretary in interagency fora.

As to the flow of timely information and guidance up and down the chain of command within the International Security Affairs organization, I can assure the committee that I intend to encourage the maximum flow of information both ways. I also intend to direct ISA offices to ensure that their work is coordinated with all appropriate components and bureaus inside and outside the Department.

Sincerely,

HENRY S. ROWEN,
Assistant Secretary of Defense, International Security Affairs (Designate).

[The nomination reference of Henry S. Rowen follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
June 16, 1989.

(Under authority of the order of the Senate of January 3, 1989.)

Ordered, that the following nomination be referred to the Committee on Armed Service:

Henry S. Rowen, of California, to be an Assistant Secretary of Defense, vice Richard Lee Armitage, resigned.

[The biographical sketch of Henry S. Rowen, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF HENRY S. ROWEN

Henry S. Rowen is a Professor of Public Policy Studies at Stanford University's Hoover Institution on War, Revolution, and Peace.

He was born October 11, 1925 in Boston.

He served in the U.S. Navy from 1943 to 1946 in the Pacific Theater of Operations.

Mr. Rowen received a bachelor's degree from the Massachusetts Institute of Technology in 1949 and a master's degree from Oxford in 1955.

From 1950 to 1961, he was an economist with the RAND Corporation. From 1961 to 1964, he served as Deputy Assistant Secretary of Defense for National Security Affairs. He then served from 1965 to 1966 as an assistant director of the Bureau of the Budget. From 1967 to 1972, he was President of RAND. Thereafter, he returned to Stanford University.

From 1981 to 1983, he served as Chairman of the National Intelligence Council at the Central Intelligence Agency.

He has served as a member of the Defense Science Board since 1983.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Henry S. Rowen in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Henry Stanislaus Rowen; Henry S. Rowen; Harry Rowen, Henry S. Rowen III, Henry S. Rowen, Jr.

2. **Position to which nominated:**

Assistant Secretary of Defense for International Security Affairs.

3. **Date of nomination:** June 16, 1989.

4. **Address:** (List current place of residence and offices addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

10/11/25, Boston, MA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married—Beverly Griffiths (maiden name); Beverly Camille Rowen (M. 4/18/51).

7. **Names and ages of children:**

Hilary Neill Rowen, 8/17/52 (36).
Michael NMN Rowen, 9/28/54 (34).
Christopher NMN Rowen, 1/9/57 (32).
Sheila Jennifer Rowen, 3/11/61 (28).
Diana Louise Rowen, 10/19/62 (27).
Nicholas NMN Rowen, 10/9/64 (25).

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Boston English High School, Boston, MA, 9/39-6/42.
Mass. Inst. Technology, Cambridge, MA, 7/42-12/43 & 6/46-6/49 (B.S., 1949).
Queen's College & Nuffield College, Oxford, United Kingdom, 10/53-6/55 (B.Phil. 1955; M.Phil. 1985).

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

9/83-date—Professor, Graduate School of Business, Stanford Univ., Stanford, CA 94305.

7/81-8/83—Chairman, National Intelligence Council, Central Intelligence Agency, CIA Hq, Washington, DC 20505.

7/72-6/81—Professor, Graduate School of Business, Stanford Univ., Stanford, CA 94305.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

7/81-8/83—Chairman, National Intelligence Council, CIA.

3/65-12/66—Asst. Director, Bureau of the Budget, OEOB, Washington, DC 20506.

4/61-3/65—Deputy Asst. Secretary, ISA, DOD, Pentagon, Washington, DC 20301.

Various occasions:

1972-Present—Personal Consultant to DOD, Navy Department, National Intelligence Council, National Security Council. Stanford University is also a DOD contractor.

1972-Present—Member, Chief of Naval Operations Executive Panel (Chairman, 1972-1981).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Edward B. Rust Professor of Public Policy and Management, Graduate School of Business & Senior Fellow, The Hoover Institution, Stanford University, Stanford, CA (Educational).

Governor, Smith Richardson Foundation, New York, NY (Charitable Foundation).

Consultant, The RAND Corp., Santa Monica, CA (Non-profit, research).

Curriculum Advisor, RAND Graduate Inst., Santa Monica, CA (Educational).

Consultant, Science Applications International Corp. (SAIC), La Jolla, CA (For profit, research).

President, Sec. Council for Asia & the Pacific, Los Angeles, CA (International Sec. Consult.).

Consultant, Norsk Hydro, Oslo, Norway (Utility/Construction Corp.).

Consultant, R&D Associates (PAN Heuristics Div.), Marina del Rey, CA (For profit, research).

Consultant, Sandia National Laboratories, Livermore, CA (Corporation).

Organizing Comm., European American Institute, Marina del Rey, CA (Intern'l. Sec. Consult.).

Advisor, Pew Charitable Trusts (Charitable Foundation).

Member, Bd of Directors, Amer. Institute for Strategic Cooperation (Non-profit, research).

Consultant, Texaco, Inc., Washington, DC (Corporation).

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, Stanford Faculty Club, Stanford, CA.

Member, Stanford Golf Club, Stanford, CA.

Museum member, Exploratorium, San Francisco, CA.

Museum member, Monterey Bay Aquarium, Monterey, CA.

Member Save Mono Lake Comm., Mono County, CA.

Member, Nature Conservancy Assn.

Member cabin owners Assn., National Forest Recreation Assoc.

Member (organizing committee), European-American Institute for Security Research, Los Angeles, CA.

President, Security Conference on Asia and the Pacific, Los Angeles, CA.

Member, Council on Foreign Relations, New York, NY.

Governor, Smith Richardson Foundation, New York, NY.

Member, American Economic Association, Princeton, NJ.

Member, The International Institute for Strategic Studies, London, England.

Member, Bd of Direc, American Institute for Strategic Cooperation, Los Angeles, CA.

Member, Amer. Assn. for Advancement of Science, Washington, DC.

Member, MIT Alumni Association, Cambridge, MA.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Member, Finance Committee, Tom Campbell for Congress, 1988.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Californians for McCloskey, 1983-85, $1,125.00
Ed Zschau, 1985-86, $3,750.00.
Don Rumsfeld's PAC, 1986, $1,000.00
Tom Campbell for Congress, 1987-88, $4,000.00.
Pacific Legal Foundation, 1985-88, $125.00.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

National Intelligence Distinguished Service Medal, 1983.
Meritorious Civilian Service Medal, USN, 1980.
Distinguished Public Service Medal, USN, 1980.
Edward B. Rust Professorship of Public Policy & Management, 1986.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

List contained in committee files.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

Lecture at Harvard University, April 14, 1985.
Lecture at Yale University, January 20, 1988.
Lecture at Tel Aviv University, February 1988.
Speech at UCLA, March 10, 1988.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I assume because I am an expert in political military affairs with experience both in government and in academia.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My relevant experience includes having been Deputy Assistant Secretary of Defense, President of the RAND Corporation, Chairman of the Chief of Naval Operations Executive Panel, Chairman of the National Intelligence Council, and membership in the Defense Science Board and Defense Policy Board.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's files and will not be made available to the public unless specifically directed by the committee.

NAME: Henry S. Rowen.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the Chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

HENRY S. ROWEN.

This 6th day of June, 1989.

[Prepared questions submitted to Stephen J. Hadley by Senator Nunn prior to the hearing with answers supplied follow:]

JUNE 20, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am pleased to submit answers to the 15 questions contained in your letter of June 16, 1989. I look forward to appearing before the committee and answering any additional questions you may have during the hearing of my nomination to be Assistant Secretary of Defense for International Security Policy.

MOST SERIOUS PROBLEMS

Question (1). What do you consider to be the most serious problems in the performance of the policy function in the Department of Defense? What management activities and timetables would you establish to address these problems?

Answer. The policy function of the Department of Defense has focused primarily on two areas: defense-related foreign affairs matters and arms control. While these areas remain important, there are additional matters that should be addressed more fully by the policy organization in DOD, such as the policy implications of the dramatic military and political changes taking place in the Soviet Union and Eastern Europe.

In addition, I believe that the Department's policy planning function can be strengthened. In an environment characterized by political, military and economic change both at home and abroad, it is increasingly necessary that consistent and well-thought-out policy guide the development and execution of defense programs and initiatives. I would also try to institutionalize the review of elements of U.S. defense strategy on an ongoing iterative basis and find ways to bring the results of this work to bear on force structure choices and decisions.

If confirmed, I would work closely with the Under Secretary for Policy and the Assistant Secretary for International Security Affairs to address these problems.

DUTIES

Question (2). Title 10, United States Code, provides that the duties of the Assistant Secretary of Defense for International Security Policy (ISP) are to be prescribed by the Secretary of Defense. Should you be confirmed as Assistant Secretary of Defense for ISP, what duties do you expect that Secretary Cheney will prescribe for you? In carrying out these duties, what would be your relationship to the Under Secretary of Defense for Policy and the Assistant Secretary of Defense for International Security Affairs? In what way would your duties differ, if any, from those of the two preceding Assistant Secretaries for ISP, Ambassador Ron Lehman and Mr. Richard Perle?

Answer. If confirmed as Assistant Secretary of Defense for ISP, I anticipate that my duties would fall into several broad areas: policy relating to NATO and Europe; policy relating to strategic offensive and defensive forces, including theater nuclear forces; policy relating to conventional forces; the development of DOD policy positions and recommendations regarding arms control negotiations; and space policy and verification.

In carrying out these duties, I would work closely with Under Secretary Wolfowitz and the Assistant Secretary for International Security Affairs. Together, we would ensure that our efforts were coordinated and that the policy group functioned as a cohesive team. I do not expect that my duties would be significantly different from those of Ambassador Lehman or Mr. Perle except that there currently is an Under Secretary for Policy in place, a position that was unfilled for most of the time Ambassador Lehman was the ASD/ISP.

DEFENSE REFORMS

Question (3). Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low intensity conflict reforms? What role would you play in the full and timely implementation of these reforms?

Answer. The defense reforms mandated in 1986 have led the way for a more effective defense planning and acquisition process. I support the steps taken by the Goldwater-Nichols Act and the Packard Commission Report to better integrate strategy and planning into the Department's programming and budgeting effort. Given reduced defense budgets and the changing strategic environment, it is clear that strategic planning is a necessary component of the planning, programming and budgeting process.

I share Under Secretary Wolfowitz's view that the new responsibilities of the Chairman of the Joint Chiefs of Staff will help to ensure that future defense budget decisions are based on a strategic rationale. The Chairman's role in performing net assessments, preparing fiscally constrained strategic plans, and as an advocate for the CINCs, seeking to ensure that their operational requirements are addressed, is critical to the development of a budget reflective of U.S. military requirements.

NATIONAL SECURITY REVIEW

Question (4). How would you assess the strategic planning capabilities of the Department of Defense? What would be your role in this area?

Answer. I anticipate that the Assistant Secretary of Defense for International Security Policy (ASD/ISP) would play an important role in strategic planning. The ASD (ISP) would be involved specifically with respect to Europe and NATO, including the U.S.S.R. and Eastern Europe; nuclear, conventional, and chemical forces; arms control; space policy; and verification.

The trends that we can already see emerging have major implications for U.S. policy. These include major changes in the Soviet Union, in the prosperity of our European and Far East allies, in the proliferation of chemical and ballistic missile technology, and other fundamental technological developments. This emerging environment presents a particularly strong challenge to DOD to improve its strategic planning capabilities so that the United States can prepare to meet these trends and even shape them. Strategic planning must be an iterative process. We cannot simply conduct a one-time strategy review and then assume it will be implemented automatically. Neither can we assume that any snapshot of the global security environment will remain forever accurate.

GORBACHEV'S POLICIES

Question (5). What is your overall assessment of Soviet President Gorbachev's "new thinking" about foreign policy and national security?

Answer. Under their "new thinking," the Soviets are trying to present a more benign and cooperative face to the West. Indeed, there have been recent signs that Soviet foreign and national security policies may be changing in a positive way; the withdrawal of Soviet troops from Afghanistan; support for settlements in Angola and Cambodia; and a more forthcoming approach to negotiating conventional force reductions in Europe, including support for asymmetrical reductions. These are encouraging developments and we should try to build on them to develop a better, more stable relationship with the U.S.S.R.

We must also remain prudent, however, realizing that this is a time of transition and uncertainty, and mindful that the U.S. policy of peace through strength has been an essential element in the more favorable international conditions of today. Soviet military forces, even assuming Gorbachev's announced unilateral cuts are made, will remain formidable and are continuing to be modernized. They will remain a threat to Western security. Moreover, the China experience of the last several weeks has reminded us all of the uncertainties involved in reform efforts by totalitarian states.

It is of utmost importance, therefore, that the United States maintain its ability to protect its own security and that of its allies with the necessary strength—military, economic, technological, and political—to counter the use or the threat of the use of force.

LANCE REPLACEMENT

Question (6.) Mr. Volker Ruhe, who is one of the leading defense experts in the Christian Democratic Party in West Germany, has said recently that he "could not foresee *any situation* in which we can agree to modernize Lance." (emphasis added) Similar comments have been made to me by numerous other leading FRG political and military officials. In the face of comments such as these, coming, as they do, from conservative supporters of the United States in Germany, why should the Congress in the current fiscal environment provide hundreds of millions of dollars in the fiscal year 1990 through fiscal year 1992 budget cycles for developing a Lance replacement missile that may well never be deployed?

Answer. The United States must show leadership and resolve in the present political enviroment. A follow-on to Lance is required to maintain a credible nuclear deterrent in Europe, and I believe that the NATO allies fully expect the United States to continue its efforts so that a deployment decision can be taken in 1992. Failure to do so would provide support to those who oppose nuclear modernization, and would allow others to blame the United States for not pursuing necessary options for a 1992 deployment decision. The decision made at the recent NATO Summit to keep deployment options open, while committing NATO to SNF negotiations when implementation of a CFE agreement is underway, represents a most significant Alliance political consenus. In my view, the United States should act in accordance with that allied consensus by proceeding with the plan to develop a follow-on to Lance. The United States and its allies will then be in a position to decide in 1992 on the procurement and deployment of this missile in light of the security situation at the time.

CFE/SNF TIMETABLES

Question (7.) President Bush has set as an objective the attainment of a CFE agreement in 6 to 12 months. Since this accelerated timetable was a major factor in West Germany's willingness to accept President Bush's summit compromise on the question of the timing of new negotiations on short-range nuclear forces (SNF), would you expect the Kohl Government to reopen the question of an earlier starting date for SNF negotiations if a year from now conclusion of the CFR negotiatons appears a distant prospect?

Answer. While the United States may face renewed political pressure for early SNF negotiations in such circumstances, NATO's comprehensive concept of arms control and disarmament, approved at the May Summit, is clear on this issue. It states that the United States, in consultation with the allies concerned, is prepared to enter into negotiations on SNF missiles once implementation of a CFE agreement is underway. It further states that the allies concerned proceed on the understanding that negotiated reductions in SNF missiles will not be carried out until the results of the CFE negotiations have been implemented.

The comprehensive concept reflects the appropriate high priority properly given by NATO to attaining a CFE agreement, as well as the President's desire to achieve such an agreement in 6 months to a year. Such a schedule is ambitious but achievable, if the Soviets are willing to move the negotiations forward. If the Soviets are not, however, the failure to reach a CFE agreement in this time frame should not invalidate the comprehensive concept or change U.S./NATO priorities.

SNF REQUIREMENTS

Question (8.) If NATO is serious about concluding CFE as soon as 6 months from now, I would think the Alliance would place a high priority on assessing how its military requirements for SNF systems might change if an agreement is reached in

CFE along with the basic lines of our new proposal. What is NATO or the administration doing in this regard?

Answer. The impact of a CFE agreement on NATO's nuclear requirements is a major issue that should be examined both in DOD and in NATO. I understand that the issue is to be discussed at next week's meeting of the NATO Nuclear Planning Group's High Level Planning Group. If confirmed, I would actively support Secretary Cheney and Under Secretary Wolfowitz in this important review.

Nuclear weapons are a fundamental part of NATO's agreed strategy for deterrence. When they hope to offset the current conventional imbalance, they also play a much larger role in preventing war.

Consequently, I believe that NATO will need to keep and modernize a mix of nuclear forces, both ground-launched and air-delivered, even in a situation of conventional force balance. At the same time, major changes in the conventional balance could significantly change the *number* of nuclear weapons required.

SDI, ABM, AND THE DEFENSE AND SPACE NEGOTIATIONS

Question (9.) The Joint Chief of Staff recently recommended that the United States no longer insist in the Defense & Space Negotiations that it have an automatic right to deploy SDI at the end of a designated ABM Treaty non-withdrawal period and that SDI could not therefore be deployed at the end of this period unless the United States deemed its supreme national interests to be jeopardized and abrogated the ABM Treaty. What is your view of the JCS recommendation?

Answer. It would be inappropriate for me to discuss the advice provided to the President by his senior advisors, to whatever extent I might be aware of it. I can, however, address the issues raised by your question.

The stated objective of the United States in the Defense & Space talks is to facilitate a cooperative transition to a more stable deterrent posture consisting of a balance of offensive and defensive forces. As I understand it, what the United States has proposed in the Defense & Space talks is designed to make more credible the prospect of a U.S. SDI deployment

Along with the support this gives the SDI program, it provides several collaterial benefits. In addition to encouraging Soviet compliance with the ABM Treaty, the Soviets are likely to be interested in the unilateral deployment of a near-term, territorial defense only in the event they conclude that they can derive a military advantage from doing so. Consequently, the best means of reducing the likelihood of movement by the Soviets toward a unilateral deployment is for the United States to pursue an active SDI program and a Defense & Space Treaty that supports effective U.S. deployment options.

Question (10.) In light of probably funding levels for SDI well below the projections of the outgoing Reagan administration, do you think the United States could agree to a 7 or 8 year non-withdrawal period during which the two sides observed the traditional or so-called restrictive interpretation of the ABM Treaty?

Answer. The question presumes that reduced funding levels will have an effect on the SDI program that will somehow reduce the need for flexibility in the conduct of the program. As I understand it, however, reductions in SDI funding by the administration are in part a reflection of the technological progress achieved to date. There is the hope that this progress will permit the SDI program to proceed at roughly the same pace as under the last Reagan administration budget—even with reduced funding. This would require that the U.S. maintain the same flexibility as is built into the current U.S. Defense & Space position.

That being said, however, I understand that the Reagan administration and the Congress agreed to deal with the dispute over ABM Treaty interpretation in the following manner: The executive branch would pursue the soundest technical SDI program, and when that involved testing under the broad interpretation, it would consult with the Congress and seek its approval through normal budgetary procedures. It is my understanding that up to and including fiscal year 1990, the SDI program has not involved tests or experiments that would exceed the restrictive interpretation of the ABM Treaty.

Question (11.) What opportunities do you see in the upcoming Defense & Space talks to clarify the applicabilty to the traditional interpretation to advanced SDI-type technologies?

Answer. I am aware that there is an issue involving the status of certain advanced SDI-type technologies under the ABM Treaty, and whether they are traditional ABM systems or based on "other physical principles." This bears directly on the issue of the "broad" versus the "narrow" interpretation of the treaty. This is a very technical area. If confirmed, I intend to approach this subject with great care.

As a general matter, however, I think we must be clear about what we hope to accomplish by seeking to deal with such issues directly in the negotiations. We already know from past Soviet statements and their unswerving opposition to SDI that they are unlikely to be satisified with efforts simply to clarify the narrow interpretation of the ABM Treaty, but can be expected to go beyond that interpretation to try to limit to the greatest extent possible what the United States can do in SDI.

Question (12.) Do you agree that no SDI system should be deployed that cannot satisfy the so-called "Nitze Criteria" of technical feasibility, survivability, and cost effectiveness at the margins?

Answer. The Strategic Defense Initiative is exploring options for strengthening deterrence and stability through the deployment of layered defenses composed of both space and ground-based elements which offer the promise of meeting the stated JCS requirements for "Phase I" defenses. In my view the survivability of defensive systems should be sufficient to ensure that the Soviets would have little incentive or prospect of achieving their war aims by attacking these systems. In addition, any deployed defensive system should provide clear economic and other disincentives to attempts by the Soviets to counter the system with additional offensive forces.

ANTI-SATELLITES (ASATS)

Question (13.) Recognizing that it may be impossible to negotiate a verifiable ban on ASATs against low earth orbit satellites, do you think it is practical to negotiate a ban on high altitude ASATs?

Answer. I understand that the administration is currently studying the subject of ASAT and arms control. As a general matter, I believe that we should consider verifiable and equitable arms control measures that would limit testing and deployment of specific weapons systems if those measures serve to advance U.S. national security interests. All arms control proposals, including any related to ASAT, should meet this test. Given the difficulty of defining an ASAT limitation that covers the wide range of means for interfering with, damaging, or destroying satellities, and the difficulties involved in verifying any such limitation, ASAT arms control should be approached with particular caution.

ICBM MODERNIZATION AND START

Question. (14.) Would you favor trying to negotiate a ban in START on mobile MIRVed ICBMs that would allow Midgetman but eliminate the Rail Garrison MX (RGMX) in exchange for elimination of the Soviet rail-based SS-24? Do you think the prospects for achieving an enduring bipartisan consensus in support of President Bush's proposal on RGMX and Midgetman would be enhanced by such a change in our START negotiating position?

Answer. President Bush and Secretary Cheney have spoken to the need to establish a bipartisan consensus in support of U.S. national security policies. If confirmed, I will work hard to support their efforts in this regard. We need a broad national consensus behind our entire strategic modernization program, but especially ICBM modernization.

Although some apparently question whether it makes sense simultaneously to pursue development of two mobile ICBMs and to call for a ban on mobile ICBMs in START, in my view the two positions are not inconsistent. The United States will require a mobile ICBM force if there is no START Treaty. We must not be in a position where the Soviets have survivable ICBMs and we do not. The Soviets have already deployed two such systems. Ours are still on the drawing board.

I believe that our negotiators are hard at work trying to develop an effective scheme for verifying mobiles. But it is a complex problem, because the very thing that makes mobile ICBMs survivable also makes them difficult to verify. It is an important issue, however, for to enter into a START treaty that permits mobiles without an effective verification regime would not be in the U.S. interest. Whatever it might buy in support for ICBM modernization, it would lose in the concerns it would raise about the START agreement itself.

For this reason, it seems to me to make sense to stay with a negotiating position that ban mobiles at least until an effective verification regime has been agreed upon. To fall off the ban now in advance of Soviet agreement to such a regime—even with respect to only one of the U.S. mobile ICBM programs—would forfeit our negotiating leverage.

Question (15.) What do you see as the major hurdles which will have to be overcome if we are to achieve a START Treaty, and what changes, if any, would you recommend in our position to bring this about? What is a reasonable timetable for completing START?

Answer. It is difficult to give any estimate of how long it may take to complete a START agreement. Past estimates of the time required to complete arms control agreements have often been very wrong. There are significant differences between the U.S. and Soviet positions on such issues as ALCMs, SLCMs, heavy ICBM modernization, the proposed limit of 3,000/3,000 ICBM warheads, and mobile ICMBs. In addition, verification is one of the most complex and important of the outstanding issues. The length of time required to complete a START agreement will be determined to a substantial extent by the degree to which the Soviet Union is willing to compromise on these important issues.

I look forward to appearing before the committee.

STEPHEN J. HADLEY.

[The nomination reference of Stephen J. Hadley follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
June 16, 1989.

(Under authority of the order of the Senate of January 3, 1989.)

Ordered, that the following nomination be referred to the Committee on Armed Services:

Stephen John Hadley, of the District of Columbia, to be an Assistant Secretary of Defense, vice Ronald F. Lehman II, resigned.

[The biographical sketch of Stephen J. Hadley, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF STEPHEN J. HADLEY

Mr. Hadley currently serves as a senior member of the Department of Defense staff participating in the National Security Review directed by the President.

He was born February 13, 1947, in Toledo Ohio. He received a bachelor's degree (magna cum laude) from Cornell University in 1969 and received a law degree from Yale Law School in 1972.

From 1972 to 1977, Mr. Hadley served in a number of national security posts in the U.S. Government, including service in the Office of the Assistant Secretary of Defense (Comptroller) and on the National Security Council staff. During his service with the NSC staff, Mr. Hadley chaired the interagency working group responsible for developiong U.S. positions for negotiations on conventional force in Europe.

From 1977 to 1989, Mr. Hadley practiced law with the firm of Shea & Gould in Washington, DC. He became a partner in the firm in 1983 and served on the firm's executive committee from 1985 to 1988. Throughout his legal career, Mr. Hadley has remained active in public debate on national security issues.

During his service with Shea & Gould, Mr. Hadley served as counsel to the Tower Commission investigating covert arms sales to Iran.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Stephen J. Hadley in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Stephen J. Hadley.

2. **Position to which nominated:**
Assistant Secretary of Defense (International Security Policy).

3. **Date of nomination:**
June 16, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
February 13, 1947, Toledo, Ohio, USA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married to Ann K.H. Simon.

7. **Names and ages of children:**
Alice Kathlene Simon Hadley, 2 yr. 10 mos.
Caroline Campbell Simon Hadley, 7 mos.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Charles F. Bush High School, 9/62-6/65, High School Diploma, 6/65.
Cornell University, 9/65-6/69, Bachelor of Arts, 6/65.
Yale Law School, 9/69-6/72, Juris Doctor, 6/72.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
Partner Shea & Gardner, Washington, D.C., 4/1/81 to March 1, 1989, General Law Partner (with emphasis on intellectual property).
Associate Shea & Gardner, Washington, D.C., 3/77 to April 6, 1981, General Law Partner.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
Counsel to the President's Special Review Board investigating U.S. arms sales to Iran (the Tower Commission) (1986-87).
Consultant to the Senate Foreign Relations Committee in connection with its hearings on the SALT II Treaty (1979).
Staff member, National Security Council Staff (1974-1977).
Analyst, Office of the Assistant Secretary of Defense (Comptroller) (1972-1974).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative or consultant of any corporation,

company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, Board of Directors of Ashoka (a non-profit organization engaged in charitable work in the Third World).

Member, Phi Kappa Psi Fraternity.

Member, Young Men's Christian Association.

Member, American Bar Association.

Member, Center for Excellence in Government.

Member, International Institute for Strategic Studies.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Committee for Congresswoman Olympia Snowe (State of Maine).

Jack McKernan for Governor (State of Maine).

Bill Clinton for Governor (State of Arkansas).

Scott Heidepriem for Congress (State of South Dakota).

Brian Frosh for Delegate (State of Maryland).

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Cornell National Scholar.

Lane Cooper Scholarship for Academic Achievement.

Phi Beta Kappa/Phi Kappa Phi.

Recipient of 1969 Cornell Outstanding Senior Award.

Recipient of 1972 Israel Perez Prize for Best Student Submission to the Yale Law Journal.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

"Union Elections under the LMRDA," 81 Yale Law Journal.

"Thinking About SDI," (published March 10, 1986, as a Policy Brief of the Foreign Policy Institute School of Advanced International Studies, Johns Hopkins University, and excerpted in The Strategic Defense Initiative: Shield or Snare, edited by Harold Brown and published by Westview Press (1987)).

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Upon the recommendation of Secretary of Defense Cheney.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Experience described in response to Questions A.9. and A.10 above.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

[INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Stephen J. Hadley.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the Chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

STEPHEN J. HADLEY.

This 16th day of June, 1989.

TO VOTE ON THE NOMINATION OF STEPHEN J. HADLEY, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY POLICY, AND THE NOMINATION OF HENRY S. ROWEN, TO BE ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS, AND CERTAIN OTHER PENDING MILITARY NOMINATIONS

THURSDAY, JUNE 22, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:58 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Wirth, Warner, Cohen, McCain, Wallop, Gorton, Lott, and Coats.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk.

Professional staff members present: Robert G. Bell, Richard E. Combs, Jr., and David S. Lyles.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Brian D. Dailey, Judith A. Freedman, and George W. Lauffer, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Kenneth N. Luongo, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

Chairman NUNN. Do we have a quorum present?

Mr. PUNARO. Yes, Mr. Chairman.

Chairman NUNN. We have just concluded the nomination hearings on Stephen J. Hadley, to be Assistant Secretary of Defense for International Security Policy and Henry S. Rowen, to be Assistant Secretary of Defense for International Security Affairs.

With respect to both these nominations, all the committee's requirements have been satisfied. Senator Warner and I can report that there is nothing disqualifying in the FBI material.

I will entertain a motion that the Rowen nomination be favorably reported to the Senate.

Senator WARNER. I will so move.

Senator EXON. I second.

Chairman NUNN. We have a motion by Senator Warner and a second by Senator Exon.

All in favor, signify by saying aye.

[Ayes.]

Any opposition, indicate by saying no?

[No response.]

It is a unanimous vote.

The chairman would entertain a motion on Mr. Hadley to be Assistant Secretary of Defense for International Security Policy.

Senator WARNER. I so move, Mr. Chairman.

Senator EXON. I second.

Chairman NUNN. We have a motion by Senator Warner and a second by Senator Exon.

All in favor, signify by saying aye.

[Ayes.]

Any opposition, indicate by a nay.

[No response.]

Senator WARNER. Mr. Chairman, should we not let the record remain open so that other members of the committee can indicate their vote?

Chairman NUNN. We will leave the record open till 3 o'clock this afternoon.

Will the clerk please lock the door and not let any members out. We have a few more nominations and it won't take more than 30 seconds.

Temporarily get in their way. [General laughter.]

Senator WARNER. Mr. Chairman, on behalf of the President and the Secretary of Defense, we express appreciation to the Chair and members of the committee for acting expeditiously on these two nominations.

Chairman NUNN. I thank the Senator.

In addition, the committee is ready to consider 1,507 pending military nominations that have been before the committee the required length of time, to which no objection has been raised.

The military nominations proposed for consideration today appear on the list that has been passed out to each member.

The Chair would entertain a motion to favorably report to the Senate all the military nominations appearing on this list.

Senator EXON. I so move.

Chairman NUNN. We have a motion by Senator Exon.

Is there a second?

Senator WARNER. Second.

Chairman NUNN. All in favor, signify by saying aye.

[Ayes.]

Anyone opposed should say nay.

[No response.]

The motion carries.

The clerk will indicate the appropriate report to the Senate on all of these nominations.

The clerk can now unlock the door and release impatient members.

I thank all Senators for coming today.

Senator **Warner**. Mr. Chairman, the Senator from Wyoming, Mr. Wallop, addressed a question to me about the time allocated for the subcommittee markups.

Would the Senator like to reopen that inquiry? I think it is an important subject.

Senator **Wallop**. The only question I raised was it assumes that we can meet the 2-hour parameters that are indicated in the memo that you produced.

I was just curious, not knowing the past history of how long these things took.

Chairman **Nunn**. This is just based on the general past experience. We have tried to avoid overlapping membership. But if we run into a conflict, I would ask the subcommittee chairmen and ranking members to indicate that to the next subcommittee and ask them to make arrangements to postpone.

This is a target, not anything arbitrary.

It means if you're not through at 5 o'clock, you keep going.

Senator **Warner**. The Chairman and ranking member have flexibility. They have flexibility here.

Chairman **Nunn**. They make those decisions. We are doing this just to indicate a possible schedule. If it slips, it slips. We're not going to rush it.

I thank all Senators.

Senator Levin, just on the record, you asked Mr. Hadley about whether there is any difference between the Bush position on the mobility question and that of the Reagan administration.

I think that there is a difference. I think that President Bush has now indicated clearly that his goal is to have a mobile missile capability in the United States' strategic Triad arsenal. He believes that this goal can only be obtained if the Congress approves both missiles.

I also think it is clear that President Bush has said that if Congress approves both missiles, he is willing to reexamine the ban on mobility that we have proposed at Geneva, subject also, of course, to being able to be verifiable.

Senator **Levin**. How is that different?

Chairman **Nunn**. It's different because the Reagan administration proposed the ban. Part of the people in the Reagan administration were in favor of the ban permanently, no matter what happened on verification, and many of them felt that there never would be any hope of verification, and they didn't even want to undertake to look at verification.

Others felt it was a tactic and that they would be willing to fall back, and some even felt it would fall back to a ban on mobile MIRVs.

There were divided opinions, and I do not believe President Reagan ever decided clearly that question.

I believe President Bush has now made that conceptual decision, subject, of course, to the Congress approving both missiles and, of course, like everything else in arms control, subject to verification.

But in the Reagan administration, it was basically said that we can't verify. We said to the Soviets you show us how to verify and then we'll consider it. It's a nuance and it's subtle, but to me there are significant differences between where President Bush is now and where President Reagan was.

Senator LEVIN. While you are on that subject, is the President's commitment to do anything more than reconsider our present negotiating position on mobile missiles?

Does that imply that if they are effectively verifiable——

Chairman NUNN. There are no guarantees here, but there are strong implications that "reconsideration" means that we will move toward some element of mobility in our arsenal.

Yes, there is a different understanding that I have.

Senator LEVIN. There is an implied commitment, you feel, to move in this way?

Chairman NUNN. I wouldn't go that far, but I would say that the implication is there is no need to reexamine unless you are going to make some change, or at least want to make some change. I think there is a clear indication that President Bush would like to have a mobile missile in America's arsenal, subject to verification and subject to arms control.

Now that's my impression. The administration can, of course, speak for themselves. But I think there is a difference.

Senator LEVIN. Why is the administration reluctant to say whether they want to allow mobile missiles under a START agreement?

Chairman NUNN. I'm not a witness, now. You can't keep asking me questions. [General laughter.] Oh, that's all right. Go ahead.

Senator LEVIN. Why can't the administration say that these mobile missiles can be verified and if they are funded, that they will then propose to allow them?

Why does it have to be implied instead of stated?

Chairman NUNN. That's exactly what I think needs to be done, and I think the administration needs to issue a paper, where the President says clearly what his goal is, subject, of course, to what the Congress does in verification.

I believe when he does that, we will have a much more coherent policy.

I do not think the administration has done all it needs to do. But I do think there have been some fundamental changes.

Of course, what I would like to see them do is issue a clear statement saying if Congress approves both programs, they are willing to reexamine the ban on mobility and that their goal would be to move to a regime of single warhead missiles on both sides, subject, of course, to coming up with a verification scheme.

Of course, I think there would have to be a phase-in, and perhaps you would ban mobiles to begin with, and maybe you eventually would get to where you don't have any MIRVs on land. But that is a long way down the road.

So, I think that lack of a coherent concept has been an impediment particularly to a consensus developing here on Capitol Hill.

So, I do not contend that the Bush administration has done all that it must do in order to get these two programs passed in the House and the Senate. But it is my feeling that this week—Senator

Warner was there and he can speak to it too—the President made some very significant steps, and I think some significant changes in the administration's approach.

Senator **Warner**. Mr. Chairman, I think it was made clear by the President that, in his constitutional role as the negotiator for this country, it is essential that he have the backing of the Congress, and that we break this gridlock in which we have put this President and the previous President on this issue.

Speaking for myself, I think it is essential that any future START arrangement would have a regime for some element of mobility in our strategic forces. If we can work out the verification, I am confident that START arrangement will have it.

Senator **Levin**. What is your view, Senator Warner as to why the President does not clearly state that if mobile missiles can be verified and if the Congress funds them, that they will then call for allowing mobile missiles?

Why does that have to be hedged in a statement that they will review it or we will evaluate it? Why not simply say they will do it—if mobile missiles are verifiable and if they are funded?

Senator **Warner**. I think that answer can only come from the President. I am not sure that my speculation on it would contribute here.

Chairman **Nunn**. I believe it would be helpful if the President would say that, and I hope they are moving in that direction.

Senator **Warner**. It may well be.

I had the opportunity to visit with him on a one-on-one basis yesterday on this and some other subjects, and it is clear that he has put as his top priority seeking the support of the Congress. Once the Congress indicates that support, I am of the opinion that he will become more flexible in how he enunciates the program that he hopes to present in the context of START, and at the same time to pursue with the modernization of our forces.

I would say on our side of the aisle, Mr. Chairman and members of the committee, we had an informal caucus, at which I invited the Vice President to attend, and at the conclusion of a rather thorough and wide-ranging discussion on the subject of the two systems, I believe the Republicans are going to support the President in his effort to modernize the strategic forces, the land-based as well as the SDI.

Chairman **Nunn**. Thank you very much, Senator Warner.

Senator **Levin**. The way I interpreted it, to greatly over-simplify it, is the President said this week that if you will begin being logical on Capitol Hill, we will begin being logical in the executive branch.

Senator **Warner**. That's it right there.

Chairman **Nunn**. To me that is a rather logical approach.

Senator **Levin**. It may be a big order, too.

Chairman **Nunn**. It would be unprecedented. [General laughter.]

Senator **Levin**. What he did not say, and what surprised me, is if the Congress is logical—the way you see it and the way he sees it—and funds these systems, and if they can be verified, then we are going to provide for mobility in our negotiating proposal.

He did not say that.

Instead, he said we'll reevaluate it. That is what really confuses me and leads me to believe there is still plenty of ambiguity and uncertainty here.

Chairman NUNN. We have "creeping clarity" going on, and I think we are moving toward clarity. We have to do our part on Capitol Hill because we have never given clear signals.

Senator LEVIN. Their part's clear. What you are proposing is that we fund these two missiles and if this occurs then the President has made a commitment to reevaluate our negotiating position.

That is not what I would call clarity for clarity. That's what I would call "we do everything that you're asking and all you'll say is that you'll look at it again." That's not a hell of a great deal in my book.

Chairman NUNN. I have proposed directly to the President that they issue a statement along the lines that I have just indicated.

So I did not in any way indicate that I thought they had gone far enough. I think that there is another very fundamental step that the administration has to take to bring coherence to the program and to blend arms control and force posture together.

So I am in accord with your logic that they have further to go. By the time Mr. Hadley gets over to his new position and studies the issue and writes a dynamic, logical memo to the Secretary of Defense and that is delivered to the President, and Mr. Rowen uses his considerable expertise to support that concept, I believe we will begin to have some progress here.

Senator LEVIN. Do you mean they are going to come to my conclusion that we don't need either one? [General laughter.]

Chairman NUNN. No, no. I don't think so.

Senator LEVIN. We've got to speed up these nominations, then. [General laughter.]

Chairman NUNN. I don't think the Senator from Michigan, when he reflects on it deeply, will come to the conclusion that we need to put everything in silos.

Senator LEVIN. Not everything, Mr. Chairman—we need some on subs and some on planes.

Senator WARNER. Mr. Chairman, the White House discussion the other day was one of the best I have ever attended. The respective leaderships, Democrat and Republican, of both Houses were present. They put forth some very deep and probing questions. Indeed, I thought Majority Leader Mitchell addressed some of the tough questions that you are asking to the President and the Secretary of State and others. Answers were forthcoming. The problem was that they were interpreted in the context of what the Chairman and I, and then the spokesman for the President, did in a press conference later.

But I see the foundation being laid for a Presidential statement on this very shortly which will bring it all together.

Chairman NUNN. The spirit of the meeting went further than the statements that we carefully made afterwards.

Senator WARNER. That's correct.

Senator LEVIN. Does it seem to be the goal in all of this to allow for mobility or to have bargaining chips to force the Soviets to give up their mobile systems? It's completely unclear to me whether the President wants mobile ICBMs as bargaining chips to persuade the

Soviets to give up their mobile systems or whether it is our goal to verify and to really allow for mobil systems.

Senator WARNER. I think there are three goals.

Goal No. 1 is in the START context, to very substantially reduce the number of warheads on both sides. The second is to reduce that number to the most modern forces. Third, is to have them stabilized.

Senator LEVIN. But on that one issue, is the goal to try to get them away from their mobile systems, and therefore we have to have bargaining chips to do that? Or is our goal to really have mobile systems?

Senator WARNER. My opinion, and it is mine only, is that we have a goal of having mobility survive START, and it should be the most modern system.

Senator LEVIN. Is that the President's proposal?

Senator WARNER. I think he'd best speak for himself.

Senator LEVIN. Is that your understanding of where he is at?

Senator WARNER. All I can tell you is I walked away from that meeting listening to the colloquy taking place and some contribution, modest though it was, that I made and that of my good friend, the Chairman, with the clear indication that we will have an element of mobility in our arsenal in the future, as a goal.

Chairman NUNN. As a goal.

Senator WARNER. Yes—providing it is verifiable.

Senator LEVIN. Of course.

Chairman NUNN. And provided the Congress funds it.

Senator WARNER. Yes.

Chairman NUNN. And I think the implication certainly is that it would be reciprocal on both sides; that both sides would have an element of mobility and that we would have a more stabilizing strategic picture if there is mobility on both sides and if we cut down the numbers on both sides, but increase survivability.

That is the way I came away from the meeting. But, again, the loop has not been closed.

That needs to be all laid out in a coherent statement by the President.

Thank you all for being here.

Mr. Rowen and Mr. Hadley, we look forward to working with you. Depending on the Senate's schedule, it is my intention to try to move these nominations through the Senate before we go into recess. That is a very short timeframe, but we will do the best we can.

Thank you.

[Whereupon, at 11:14 a.m., the committee adjourned, to reconvene on the call of the Chair.]

[The nomination of Henry S. Rowen was reported to the Senate by Senator Sam Nunn on June 22, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on June 22, 1989.]

[The nomination of Stephen J. Hadley was reported to the Senate by Senator Sam Nunn on June 22, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on June 22, 1989.]

NOMINATION OF MICHAEL P.W. STONE, TO BE SECRETARY OF THE ARMY

MONDAY, JULY 31, 1989

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 9:36 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Dixon, Byrd, Warner, Thurmond and Wilson.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk; Marie Fabrizio Dickinson, assistant chief clerk; and Daniel Sakura, research assistant.

Professional staff members present: John J. Hamre and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Brian D. Dailey and George W. Lauffer, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: William J. Lynn, assistant to Senator Kennedy; Charles C. Smith, assistant to Senator Dixon; Terrence M. Lynch, assistant to Senator Shelby; Terrence E. Sauvain, assistant to Senator Byrd; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman Nunn. The committee will come to order. The committee meets this morning to consider two important nominations.

The first is the nomination of Michael P.W. Stone to be the Secretary of the Army. Mr. Stone is well-known to the committee, having been through a confirmation process twice before.

Mr. Stone, we welcome you and your wife here. I believe your wife is named Ann, and I would ask her to stand. We welcome you this morning. Thank you for coming.

Mr. Stone has distinguished himself throughout his career, but particularly during the past 3 years in the service of the Defense Department.

In 1986 he was nominated for the position of Assistant Secretary of the Army for Financial Management. In the spring of 1988 he was nominated to be Under Secretary of the Army.

During the past 4 months he has been the acting Under Secretary of Defense for Acquisition and has played a key role in the management review. Mr. Stone brought extensive experience in business to the service of the Government. He first served during World War II as a naval aviator. Interestingly enough, I understand in the British Navy. Is that right?

Mr. STONE. Yes, sir.

Chairman NUNN. After the war, he returned to school and obtained a law degree. Mr. Stone has wide-ranging business experiences, including farm equipment, diversified mining, paper products and last but not least, wine-making.

Prior to his nomination to be Assistant Secretary of the Army, Mr. Stone served with the United States Agency for International Development, first as mission director in Egypt and later as director of the Caribbean Initiative.

Mr. Stone, we welcome you here today and Senator Wilson, I am going to ask you to make your comments in a moment. We know Mr. Stone is delighted to have you introduce him as a very distinguished member of our committee.

First, let me introduce our second witness, because I am going to have to be in and out this morning. We have the defense bill on the floor and I would like, before I leave, to at least welcome our second nominee this morning, John Shannon, to be Under Secretary of the Army.

It is a particular pleasure for me to welcome John and his wife Jean. I have known John since his days in the Pentagon, when he worked in the manpower area and I was Manpower Subcommittee Chairman, so our friendship goes way back.

He has a distinguished career of service in the U.S. Army, retiring with the grade of colonel. He worked in key civilian positions in the Pentagon and continued his commitment to the Army when he was appointed as Deputy Under Secretary of the Army, and subsequently was nominated and confirmed as Assistant Secretary of the Army for Installations and Logistics. It is from this position that he has been nominated to serve as the Under Secretary of the Army.

The Under Secretary of the Army is a very important position. The Under Secretary is the Army's principal focus for NATO affairs, relations with industry and long-term planning for the Army. I cannot think of three areas that demand greater attention at this critical point in our history. I know the committee will be anxious to hear Mr. Shannon's views on these subjects as well as others. He also has to be the alter ego of the Secretary with all the responsibilities that that entails.

Subsequent to his nomination, I wrote to Mr. Shannon and asked him to answer several important questions prior to this hearing and I am sure that all members of the committee have been given the answers to those questions. I would like to place those answers in the record.

[The questions and answers referred to follow Mr. Shannon's hearing record.]

Chairman NUNN. So we welcome you, John. We welcome your wife this morning. If she will stand, we would like to recognize her, and thank you for being with us.

Senator Wilson, I know you have some words of introduction for Secretary Stone and we welcome those this morning.

Senator WILSON. Thank you, Mr. Chairman. So complete was your recitation of Mr. Stone's prior service that you left me almost speechless, but not quite.

The fact is, he is superbly equipped by experience, by intellect and character, for the very important post of being Secretary of the Army. He follows Jack Marsh, well-known to all of us, who did an outstanding job, and it is very clear that Mike Stone has, by his prior service in the Department of Defense, indicated the kind of energy and preparation that will allow him to continue very valuable service.

You have mentioned his business service, or his business career, as well, which has been distinguished and I noted that you used in that phrase, "last but not least." Those of us from California take wine-making very seriously.

Chairman NUNN. We are beginning to in Georgia, too. I hate to inform you of that. [Laughter.]

Senator WILSON. I invite you to join the wine caucus, Mr. Chairman, along with your other responsibilities.

The fact is that in addition to his service in the Department of Defense, Mr. Stone had first entered Government in July 1982 as the Director of the U.S. Agency for International Development in Cairo, heading that mission and our Economic Assistance Program to Egypt—the largest administered in AID's budget. He had responsibility for a total funding portfolio of $2.7 billion and oversaw the execution of some 65 projects.

He has compiled a superb record and the Chair and the members of the committee have that record. I have had the opportunity to discuss with him some of the problems that will be his responsibility as Secretary of the Army.

Having been in the acquisition position, briefly, and then having engaged in financial management, he is eager to assume those responsibilities.

I will not delay the committee. I think you want to hear from him, Mr. Chairman. He has my enthusiastic support. I think he will be a superb Secretary of the Army.

Chairman NUNN. Thank you very much, Senator Wilson. Before we call on Secretary Stone for any statement he would like to make, let me turn to Senator Levin and Senator Byrd for any opening statements. I am going to ask Senator Levin to conduct most of this hearing this morning in my absence. I have to work on the defense bill, because we are going to be on it all day.

Senator Levin, do you have any opening statement?

Senator LEVIN. No, Mr. Chairman.

Chairman NUNN. Senator Byrd?

Senator BYRD. I have none.

Chairman NUNN. Secretary Stone, we would be delighted to hear from you this morning before we go to questions and I will defer to Senator Levin for the first round of questions.

STATEMENT OF HON. MICHAEL P.W. STONE, SECRETARY-DESIGNATE OF THE ARMY

Mr. STONE. Thank you very much, Mr. Chairman.

If I may—I know how short your time is—I will defer any formal statement and I will only make two remarks as I start here. One is to express my great appreciation for your committee having taken the time to hear a few nominations before you adjourn later in the week. I know that you have legislation on the floor and it is a great courtesy to us nominees to have you take the time to try to fit us in. We do appreciate it.

I would also like to thank Senator Wilson for his gracious introduction. I am very pleased to be before the committee today and will be happy to answer any questions that you may have.

Chairman NUNN. Thank you, Secretary Stone. Let me ask you a couple of questions about the budget squeeze with respect to the Army.

I know that the Army is in the middle of overall restructuring, going to light divisions. You are also in the middle of the modernization program. You are not 80 percent complete. I do not know whether you may be 55 or 60 percent complete, but assuming a continued budget squeeze, where would you squeeze in the Army? What are your priorities? You can state it either in the way you would squeeze, or the way you would not squeeze. What are your priorities?

Mr. STONE. I think that in discussing budget reduction, you have set the background properly and I will talk a minute on the background because I think that is relevant to the issue.

I think that the most important objective in looking at any resource changes is to preserve the essential balance in the Army among what are called the four pillars of equipping the force, which is essentially modernization, sustainment, recruiting the force, and training. Those four issues all have to have a certain percentage of the resource allocation.

We have had 5 years of build-up in the Army and we now are looking toward our fifth year of contraction, in real terms, so the process has already started. We have already, as you said in your question, begun a period of retrenchment. The Army is down in total size from what it was a year ago and we are going to be taking additional reductions as the years go by.

I think my most important objectives, as we look at the needs coming out of the disarmament conferences in Europe, are to look at the preservation of the balance between those four pillars, our ability to represent the country's interests overseas in terms of deterrence, and making sure that our adversaries respect our legitimate interests overseas.

Chairman NUNN. Secretary Stone, one of the things that we address in our committee bill this year—Senators Wilson and Levin were the leaders in that—is to direct the Secretary of the Army, and indeed the Army, to take a closer look at the equipment that your average soldier has out there in terms of what some people might consider minor items, but to a soldier on the battlefield means the difference between survival and nonsurvival and performing the mission. Things like flashlights. Things like communication equipment, rifles, those kinds of things.

In looking at what the Army has done in the last 10 years with their money, we find that a number of items are still about Vietnam vintage. They may have been upgraded somewhat, but not consistent with the major equipment and so forth.

I am particularly concerned with special forces. I visited special forces units not long ago and the people involved, the sergeants there, just flat out said they could go to Radio Shack and equip themselves better than they have been with their communication equipment.

If you are confirmed here with your nomination, will you take a careful look at the way the Army procures ordinary equipment that is very important?

We have a feeling that there is a lot of equipment out there, let us say in our allied forces, that has already been tested, is already out there being used, or equipment that is in the commercial world that does not have to go through 5 years of research and development and yet it seems that the Army and the other services have to have a long R&D effort on every single item, no matter how minor.

Can you take a look at that, or do you already have views on it?

Mr. STONE. There are several different items in your question, Mr. Chairman, and the quick answer to the last part of it is yes, I indeed will take a look at it, and very happily. I will do that.

One of the last things that Secretary Marsh has said that he wants me to do, if I do get confirmed, is to take a trip with him to Fort Bragg and meet with some of the special forces people there to look at some of the issues that you have just raised.

I think it is proper to say that the Army, since the Goldwater-Nichols legislation of 1986 with its emphasis on special forces, has followed that legislation scrupulously in helicopter development—which is not the type of weapon, I quickly add, that you were particularly talking about. But since 1986, in the aviation plan today we are fully funding the special aviation requirements of the special forces and that has been backed consistently.

I think that the budget requests of the special forces organization are being fully resourced by the Army and I will continue to look at that carefully in the future.

Chairman NUNN. Well, we hope you will use the money we put up. We put $30 million, as I recall, to be used to look at commercial equipment and to look at the allied Army's equipment and see what can be done, with the emphasis on off-the shelf as much as possible. Things that do not have to go through a long research and development cycle but that can be put out here in the field immediately.

Mr. STONE. I think the total amount of funding of the initiative that bears your name, Mr. Chairman, has been in the neighborhood of $100 to $150 million in different years. The services as a whole are paying careful attention to that legislation. I think it has great promise.

I have met just in the last month with representatives of three countries overseas and have spoken as forcefully as I can on the need for us to back that initiative, to seek to mitigate the effect of duplicate research and development on very similar weapons.

I think there are considerable opportunities in this area and I would be glad to report to you in any way over the next few years, if I am confirmed, as to what we are doing about that. I think it is a very fruitful and important area.

Chairman NUNN. Thank you, Mr. Secretary. Senator Warner. Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman.

Chairman NUNN. I am going to leave Senator Levin in charge. I am going to try to get back in a few minutes, but I am going to have to be excused for a few minutes.

Senator THURMOND. Mr. Chairman, I want to join you in extending a warm welcome to Mr. Stone, as the President's nominee for the position of Secretary of the Army. I am aware of Mr. Stone's exceptional performance as the Under Secretary of the Army and congratulate him on this promotion.

Mr. Stone, I believe you are well-suited for the challenging job for which you have been nominated. The fact that you have served in the Army Secretariat as the Assistant Secretary of Financial Management and as the Army acquisition executive certainly gives you a unique perspective of the Army.

I am confident that because of your significant experience as part of the Army's civilian leadership you will quickly take the reins of leadership and guide the Army into the 1990s. I will be pleased to support your nomination and wish you well, and will cooperate with you in any way I can.

Mr. STONE. Thank you very much, Senator.

Senator THURMOND. I have a few questions here I would like to propound.

Mr. Stone, in June 1988, while you were Under Secretary of the Army, I believe you established a special textile apparel study group to analyze current military uniform procurement practices. In the report prepared by the group, there were over 40 recommendations for improvements for the clothing and textile procurement system. Could you tell us the current status of these recommendations and how the implementation of them is progressing?

Mr. STONE. Yes, Senator, I will be glad to. I remember the formation of that committee very well. It grew out of an exasperation within the Army that we were unable to fill our inventories with the appropriate number of sizes and garments that we needed to give our soldiers uniforms to which they are entitled and which they need to have to perform their duties.

I asked one of the agencies of the Department of Defense to convene that group. In fact, I called on an old business friend of mine and said we needed some help. The response was a very good one from the private sector.

We got a very good group together representing all elements of the industry and as you have correctly stated there were over 40 recommendations that came out of that group. I am happy to inform you that I think the number of recommendations that have been implemented now is over 35, and maybe close to 40.

We are so pleased with the results of the work of that committee that we are trying to institutionalize it and make it a permanent committee. We are also already seeing, in procurement, the benefits of the recommendations that have been made and I think industry supports those recommendations.

Senator **Thurmond**. I want to commend you for the progress you have made in this.

Mr. Stone, all of the indicators point to a reduction in the size of our military force in the next several years, and in the case of the Army I would expect that we will see some reduction of forces from overseas.

In your personal opinion, have you thought about from where we should take these forces—withdraw them—and what type of forces you would propose to see reduced? Combat or support forces? Now, do not answer that unless you feel that you are ready to answer it, because that is a question you may want to look into more, but I wanted to call it to your attention anyway.

Mr. **Stone**. Well, I am very alert to that question, Senator, and all I can say is, it is a very complex one. I think that the management of any reduction that we may be asked to make in terms of the facilities, the demobilization of the units, the ratio between the Reserve component and the Active component, are very serious ones and they will have my full attention.

Senator **Thurmond**. Mr. Stone, as you may be aware, I am a strong supporter of the Total Force Policy. I found your response to the written question on the Army's progress in regard to implementing the Total Force Policy very encouraging.

In reviewing your response, however, I notice the absence of any reference to the command and control of the Army Reserve. I strongly supported the Reserve Armed Forces Bill of Rights and Revitalization Act of 1977. I am disappointed that the Army has not yet given the Chief of Army Reserve responsibility for administering and commanding the Reserve components.

The Air Force and Navy have done this, and I wanted to talk to you about that. Is the Army doing anything in this regard, and if not, would you look into that and see if that could be done?

Mr. **Stone**. Yes, I will, Senator. We are doing something about it. We have been requested by the Congress to look in greater detail at that matter. In response to that congressional request we have convened a committee that is working under the leadership of retired General Richardson, and looking at the overall operations and management of the Reserve component. That report is due next month and I assure you it will have a very careful review by me personally, if I am confirmed.

Senator **Thurmond**. It seems to be working well in the Air Force and the Navy and I feel if it can work there, it can work in the Army too.

Mr. **Stone**. I understand, sir.

Senator **Thurmond**. Because we in the Army must keep abreast, and not let the Air Force and Navy get ahead of you.

You mentioned visiting Fort Bragg. While you are on that trip, I would hope you could go on to Fort Jackson—it is not very far below there—and visit the finest Army installation in the world.

As you know, Fort Jackson was selected this year as the best Army installation. If you do visit, I will be very pleased to join you down there.

Mr. STONE. I will certainly do that, Senator, and I will let you know when I am going.

Senator THURMOND. If you will let me know when you can visit Fort Jackson, I hope you can do it maybe sometime in August, during our recess. If not, in the fall, and I would like very much to join you in a visit to Fort Jackson.

Mr. STONE. Thank you. I got very close a few weekends ago. I went down and participated in a press conference at Russell Dam, looking at the conflicting demands on the Corps of Engineers there for power generation, water management, and quality of water.

It was a very interesting press conference and I had the opportunity to see Thurmond Lake and the entire Savannah River system there. So next time I will make sure I go to Fort Jackson as well.

Senator THURMOND. Thank you very much. My time is up, Mr. Chairman. Thank you.

Senator LEVIN [presiding]. Thank you, Senator Thurmond. Senator Byrd?

Senator BYRD. Mr. Chairman, I wish to congratulate the nominee. I am sure that he is an excellent one and will do an excellent job.

I wish to share the concern that was expressed by Senator Thurmond that, unlike the National Guard and the Air Force Reserve, the Army Reserve does not have operational or administrative control over the forces that constitute the Army Reserve. All funding, personnel and administrative matters are managed by the Army Forces Command, which controls all Army active component units in the continental United States.

I have heard from Gen. Evan Hultman, the national executive director of the Reserve Officers Association of the United States, on this issue, indicating that the active Army appears to be "studying the issue to death," so I would join with Senator Thurmond in expressing our concern with regard to the need to move ahead on the restructuring of the Army Reserve so that the Chief of the Army Reserve will be given more operational and administrative control over the forces that constitute the Army Reserve.

You have indicated to Senator Thurmond your intention to take a look at the status of this matter, and to move it forward, and I too will be interested and watching with concern.

I hope you will stay in touch in this regard. Having congratulated you, I wish you a very useful, successful, and enjoyable tenure as Secretary of the Army. And I certainly will want to cooperate with you as the Chairman of the Appropriations Committee. We will undoubtedly be working together, and I look forward to doing that.

Mr. STONE. Thank you very much, Senator. You did not really ask me a question there, but let me make one comment about the Reserve components.

I am familiar with the letter that you mentioned. I have read it. I am concerned with the issues that it raises. I think that the Army has done a credible job of improving many things in the Reserve component over the last few years. There are still some deficiencies, and one of the deficiencies is in the organizational structure.

When this latest report, this congressionally directed report is complete, I intend to try to do what I can to move the issue ahead. Incidentially, it is an issue on which I would expect to rely substantially on the advice of Under Secretary Shannon, if he is confirmed. He has a long experience in the Army, and he knows these issues well. I will look forward to receiving his advice and of course responding to your request to work with you.

Senator BYRD. Thank you very much. Thank you, Senator Levin.

Senator LEVIN. Thank you, Senator.

Mr. Stone, just one followup question to Senator Nunn's question relative to your priorities. You indicated in your answers to the advance questions that readiness was the highest priority, you felt, but the rest of the answer is not clear.

Could you establish your second priority for us, as between modernization, force structure, or sustainability?

Mr. STONE. Answering that question, Senator Levin, is a little bit like trying to determine under which of the four shells are the most productive three prizes. I would not like to neglect any one of them. I do not think there is any question that sustainability has to receive the greatest emphasis. I guess I should really say readiness and sustainability combined.

We must be able to dispatch, to represent the country's interests, forces that are ready to achieve that representation, and they must be sustained when they get there. At the same time, I would hate to forego the modernization process, which really is not a discontinuous, separate, discrete process. It is a continuous need to make sure that we respond to technological changes and to the changes that we see being fielded by our adversaries.

I really find some difficulty in picking any one of the four as a priority. I think the priority has to be in the balance, and I will give very careful consideration to how that balance is achieved.

Senator LEVIN. The proposed budget or the amended budget submission seriously stretches out production rates on a number of important sustainability items, including Hellfire missiles, Stinger missiles, TOW missiles, and MLRS rockets. I am just wondering whether or not that budget, then, does not reflect a lower emphasis for sustainability and place force structure over sustainability in terms of priority?

Mr. STONE. Senator, I will be glad to look at that again if I am confirmed. Let me just take two of the examples that you mentioned. The Apache helicopter funding was changed, has been changed since the budget has been amended during calendar 1989, but it was achieved without any change in the contract that is already in existence. So I do not think that is going to drive up our unit cost, and I do not think there is going to be any change in the total cost of the system.

We are going to have a reduction in the total number of aircraft that are fielded; unless there is a change over the next couple of months.

Senator LEVIN. I was referring to the missiles, the Hellfire missiles, the Stinger missiles, TOW missiles, and the MLRS rockets. I was not referring to the production rate on the Apache.

Mr. STONE. In the case of TOW, we have been directed by Congress to establish a second source of production. That second source is just being contracted at the present time. It was a marginal decision, in my judgment, as to whether we stayed with one producer with a further multi-year production contract or went with a second source.

If you look at Hellfire, we have been able to see a very substantial reduction in unit cost by having two producers, and I think that example drove us to have a second source on TOW, and we are moving to do that. But there again, we are not breaking any multi-year contracts. Other than the cost of facilitating the new procurement with a second supplier, there should not be any increase in unit cost.

Mr. LEVIN. On the Apache issue, last year we were planning on a 5-year buy, we had the numbers in the 5-year budget. This year we are terminating Apache or proposing to terminate it next year. Are you troubled by that?

Mr. STONE. I do not know whether "troubled" is the right word, Senator. My principal concern that I mentioned to you in our meeting that we had last week is not so much the fact that we will not be able to field the total number of Apache battalions that we originally expected to have in the force. That is an adverse consequence of the budget change. But the more important concern, in my judgment, is that between 1993 and 1996 to 1997, for about a 3- to 4-year period, we will have no production base in the United States for attack helicopters. Once the Apache line goes cold, we will have no attack helicopter production until 1996–1997 when the LHX helicopter comes along. That is a serious concern.

Senator LEVIN. In your response to the drug interdiction question you point out that the Army National Guardsmen in all 50 States and four U.S. territories assist U.S. Customs by searching containerized cargo and providing aerial and ground reconnaissance support to local law enforcement agencies to identify drug smuggling and marijuana cultivation. I believe that some States are now thinking about using their National Guardsmen as eyes and ears of local police on the streets in terms of trying to see if they cannot control the drug epidemic which bedevils our communities.

Do you have any thoughts in terms of that particular use of National Guardsmen on our streets, either in uniform or out of uniform, either armed or unarmed, but as basically working with local police as their eyes and ears to help identify where crack houses are located, or drug houses are located, and to use them in some of the very time consuming roles that now we require local police to perform?

Mr. STONE. If I may, Senator, I will give a generalized response to begin with and then a more specific response. I can state on a firsthand basis that the fullest possible response to the drug problems that confront the United States is a significant and major objective of Secretary Cheney. He brought the subject up in an executive committee last week in which I participated, and he wanted no misunderstanding among the members of the committee or the leadership of the Defense Department that the need to develop the most participatory response of the Department of Defense consistent with the law is a major priority of his.

Leading into the more specific response—the strategy being prepared by Mr. Bennett, and I think it is due for presentation in September of this year—we are going to do everything we can in the Department of Defense to make sure that we support that policy. We will participate in it to the best of our ability.

Coming to the more specific part of your question, one of the collateral duties of the Under Secretary of the Army, because there is, of course, no governor in the District of Columbia, is to supervise and provide oversight to the D.C. National Guard. For the last year and a half while I have been Under Secretary of the Army, I have worked very closely with General Franklin, the commander of the D.C. National Guard. There are about 4,000 troops in that unit. He has done a remarkable job of keeping it, in an urban city, very close to the fill rates that are required for his units.

One of his principal units is a military police brigade. It is already working with the D.C. Police Department in terms of helping reinforce drug-related activities. Some of those activities, for example, are in the communications area and some are in the surveillance area using long distance surveillance techniques. Some of these activities are in the area of training. Some are in crowd control at certain events where the national guard commander can maneuver his own forces and release the trained police force to other activities.

So I do think that this is a good program. I think it is a program that can be beneficial to the Guard as well, because of the training aspects involved. I think as long as it can be done in a legal manner, we are going to see this type of activity grow.

Senator LEVIN. My time is up. Senator Warner.

Senator WARNER. Just a quick followup on that. Senator Nunn and I, and other members of this committee, at some time resisted any thought that we might empower the members of the Armed Services or the Guard and Reserve with arrest authority. You concur in that, do you not?

Mr. STONE. Senator, I am sorry. Would you restate that question?

Senator WARNER. Well, each time this issue of the participation by the Armed Forces comes up, the thought comes along that we ought to reverse the posse comitatus act and allow them to perform arrests. And I have always been steadfast against it, and the chairman likewise. I presume you are of the same view?

Mr. STONE. Yes, sir. I am. I needed to clarify the question because I thought you asked it the other way around. I thought you were asking me if I did approve of a change in the law, and I certainly do not.

Senator WARNER. Well, I join others in greeting you. I had the privilege and pleasure of meeting you on several occasions and talking over a wide range of issues.

I hope you look upon this recognition that the President has given you and this opportunity as another great chapter in an otherwise extraordinarily illustrious career you have had beginning in World War II. Your career in World War II is the envy of every youngster that came through this period. And Mrs. Stone, I am sure, by now is well acclimated to the duties of the Secretary's wife and is willing to take them on, and we will hope to get you home a little earlier so the place can close down occasionally at night.

This morning the Washington Post carried an article about the recruiting. You know, what goes around comes around. I have been here a long time now, and these stories are cyclical. But I am just wondering if we cannot do something to prevent the recurrence.

Have you had an opportunity to look at that article?

Mr. STONE. Yes, Senator, I did.

Senator WARNER. Let us have a little discussion about the demographics as you see them. We have to be pragmatic. We do not want pressure put on recruiters when the manpower pool just does not exist. The competition is too strong.

Mr. STONE. I will comment specifically, Senator, on the article. I have read it. But first of all, let me thank you for those gracious comments.

I read the article. I was concerned about it, of course. We are recruiting approximately 11,000 youngsters a month, and that poses both a challenge and a risk to us. When you are recruiting 120,000 to 130,000 youngsters a year for service in the Army, that is a tremendous goal, and obviously, it puts pressure on recruiters to deliver. We must do everything we can to train those recruiters and make sure that they excercise only appropriate inducements consistent with incentives and educational bonuses which they are entitled to offer. Those are reasonable things to do.

The other side of the coin, of course, is that when you are recruiting 11,000 individuals a month, you are going to make a mistake every now and then. I think the best response to that is an enhanced training program. I will make sure that I look at that issue myself if I am confirmed.

Senator WARNER. Well, supposing your recruiting command comes back and says Mr. Secretary, we cannot accomplish the mission without compromising the quality and the standards that we have had here for some several years. What is going to be your reply?

Mr. STONE. Well, my reply to that, Senator, is it gets back to the demographic problem that you mentioned before. It indeed is true that for the next few years we are going to face a smaller pool of recruits. At the same time, our retention figures, the people who are in the Army and are signing up for career extra service, consistently exceeds our goals. We are now retaining 108 percent of the expected ratio of those who are signing up for extended service in the Army.

That is a tremendous benefit to the Army for two reasons. One, it saves us the cost of re-recruiting; and two, it retains in the Army the experience that we need to run our operations.

The second part of the answer that I would mention is that if indeed as a result of disarmament talks in Europe or other events we end up with a slightly smaller force, hopefully our recruiting target will also come down, reflecting those conditions. But I do not think we should sacrifice our quality standards.

The force we have today is a wonderful force, and the reason it is so good is that we have achieved very high educational standards. I would hate to see them continue to slip.

Senator WARNER. To be candid with you, I would like to state the answer I had hoped you would give. I will propound the question once again, and that would be, if push comes to shove and we cannot get the quality, we will do with fewer people than the 11,000 quota?

Mr. Stone. Well, I think that is what I was trying to say, Senator.

Senator Warner. If you can just say that, that satisfies that, and we will move on to another topic. Do you agree to that?

Mr. Stone. I do agree to that.

Senator Warner. As you know, Senator Nunn and I, and Senator Cohen, serve on the Intelligence Committee, and there is a good deal of parallelism between the responsibilities on this committee and that committee. And we have, with approval, observed through the years how Secretary Marsh has devoted an extensive amount of his personal attention to the questions of oversight of Intelligence activities in the Army.

We had a very bad case at one time. I shall not go into it here in this session, and I am sure you are aware of it. In fact, it was our observation that Secretary Marsh felt so strongly about this issue that he reserved to the Secretary—that is, to him alone—much of the day-to-day review of oversight of these activities and did not delegate.

It would be my hope that you would follow that course of action. When I was privileged to serve in a position comparable to yours, I did it, and I found that it was time consuming but a very valuable part of my responsibilities. I wonder what your reaction is?

Mr. Stone. I share your concern about the matter, Senator. I am fully aware of Secretary Marsh's position with regard to intelligence matters and the oversight of classified programs.

During the last 6 months he has discussed the matter with me on many occasions. As you have correctly pointed out, he has tightened up the internal procedures in the Army very considerably since that event that you mentioned. I will make sure to the best of my ability that the oversight is maintained.

Senator Warner. Mr. Chairman, I will conclude with this observation, joining Senator Nunn and Senator Thurmond and others, about the need to look at this amendment that we have put on. We entitled it the Soldier-Marine Enhancement; $30 million divided between the Army and the Marine Corps for the purchase of basically the research and development for small items, as contrasted to big ticket items for the infantry.

Now, I wish Congress had not felt the necessity to do this. It seems to me the Army should have done this on its own initiative. And I would hope—we require a report here—that perhaps you could come back personally and make that report, and give us the assurance that we could go on here in the Congress to oversight of other issues, and that you have got that tucked under your responsibility. And in subsequent years we will not be required to put in such legislation.

Mr. Stone. I will make that a commitment to report back to you Senator, either formally or informally or both.

Senator Warner. Well, I have great admiration for what you are about to undertake. You succeed a most distinguished individual, John Marsh. I have known John almost all of my adult life. We went to Washington & Lee University together. I came out of the Navy, and he came out of the Army; and we formed that friendship in 1946 and have been close personal friends and professional colleagues in many, many responsibilities over the years for two public service careers, and they have had a great deal of overlap.

Mr. STONE. He has been a wonderful person to work for and a very difficult person to succeed.

Senator WARNER. Well, I think the President was fortunate to get the man, probably the only one that I have ever met, that can succeed him. Good luck.

Mr. STONE. Thank you very much, Senator.

Senator LEVIN. Thank you, Senator Warner. Senator Dixon.

Senator DIXON. Mr. Chairman, I do not have any questions of Mr. Stone. He is a very good man and has served with distinction, and I am sure will in his new post. And I think that of John Shannon as well.

I would simply like, Mr. Chairman, to ask that the record be kept open for me to submit some written questions to Mr. Stone and, for that matter, Mr. Shannon as well.

Senator LEVIN. The record will be kept open for those questions. There is a possibility some other Senators will have questions as well, and we will keep the record open for that.

Senator DIXON. Mr. Chairman, may I submit just a very brief statement supporting both Mr. Stone and Mr. Shannon?

Senator LEVIN. That statement will be made part of the record, as will your questions and Mr. Stone's answers. They will be made part of the record as well.

[The prepared statement of Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, we are here today to consider the nomination of Michael Stone, to be Secretary of the Army and John Shannon, to be Under Secretary of the Army.

Both of these gentlemen have served in civilian positions in the Army during the previous administration, Michael Stone as Under Secretary of the Army and John Shannon as Assistant Secretary of the Army for Installations and Logistics. Both men have done an excellent job. I think they both will continue doing a good job in their new positions.

Thank you Mr. Chairman.

Senator LEVIN. I have one additional question, Mr. Stone, and that is relative to the relationship between the Secretary of the Army and the Under Secretary of Defense for Acquisition. You have had some experience now in that office or with that office, and I am wondering whether or not it is your view that the Under Secretary of Defense for Acquisition has the authority, the clear legislative authority, to direct an acquisition.

Is there any doubt in your mind about that?

Mr. STONE. No, there is not any doubt in my mind, Senator. I think that this is an issue that has received a great deal of attention. It does in the new Defense Management Review. It did in the Packard Commission and the directive implementing the Packard Commission recommendations.

I do not have any great difficulty with that question. Perhaps I am in the minority. I have served on both sides of this acquisition issue. I have been the Army Acquisition Executive for a year plus, and I have now been the Under Secretary of Defense for Acquisition on an acting basis for the last 3 plus months. I think it is an issue that can be managed properly.

The Secretary clearly has the responsibility under the law to equip the Army. By legislation, he is empowered to lead under delegation of authority from the Secretary of Defense. At the same time, the Acquisition Executive has the right to lay down the policies relating to those acquisitions and the manner in which they are made, and there are also channels to enforce the resource allocation.

The thing that makes me comfortable with the issue is that if the service Secretary receives a direction from the Under Secretary of Defense for Acquisition which is incompatible with his views, he always has the right of appeal to the Deputy Secretary of Defense or the Secretary of Defense. I do not see that becoming a contentious issue.

Senator LEVIN. So that there is no doubt in your mind but that the power to direct an acquisition of a specific item exists in the Under Secretary? He would not often use it, presumably, if he did use it. And if the Secretary of the Army objected seriously to it, he would use whatever channel he had to appeal that.

Nonetheless, in terms of the power in the law to direct that acquisition, there is no doubt in your mind it exists?

Mr. STONE. There is no doubt in my mind that it exists. I do strike one nuance in your question, Senator. If you get into the question of resource allocation, I do not think that is the prerogative of the Under Secretary of Defense.

Senator LEVIN. I was not referring to research. I was referring to a specific acquisition.

Mr. STONE. No.

Senator LEVIN. Okay. Senator Thurmond, do you have any more questions?

Senator THURMOND. No, I have no more questions. Thank you very much.

Senator LEVIN. Mr. Stone, we want to thank you, wish you all the best, congratulate you. You are well deserving of this appointment, and we all look forward to working with you.

Mr. STONE. Thank you very much, Senator. Again, my thanks for convening this hearing at such an inconvenient time for yourself.

Senator THURMOND. Mr. Stone, I wish you well.

[Whereupon, at 10:24 a.m., the committee was adjourned.]

[Prepared questions submitted to Michael P.W. Stone by Senator Nunn prior to the hearing with answers supplied follow:]

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your letter of July 25, 1989 forwarding questions in connection with the President's nomination of me for the position of Secretary of the Army. Your questions and my responses are attached.

I look forward to appearing before your committee, and I appreciate your timely consideration of the nomination.

Yours sincerely,

MICHAEL P.W. STONE,
Under Secretary of the Army.

Attachments.

MOST SERIOUS PROBLEM

Question (1). Given your current experience in the area of national defense and familiarity with the Army as Under Secretary, what do you consider to be the most serious problems in the management and operation of the Department of the Army? What management activities and timetables would you establish to address these problems?

Answer. The single greatest challenge will be the increasing need to balance resources against changing and sometimes uncertain missions.

Demographics are working against us in gaining and retaining the high quality force the Army achieved during this past decade. Recruiting/retention incentives and other personnel policies must be carefully managed to ensure we maintain both desired force quality and required force structure.

Army people, assets, and systems have been stretched thin by 5 years of negative budget growth. The outcome of talks on reduction of conventional land forces may require adjustments in the Army's force structure that will require careful management to ensure that the Army continues to fulfill its strategic role effectively.

The growing availability of chemical and biological weapons in unstable regions of the world is a major concern. The problem is aggravated by the spread of sophisticated delivery systems. This situation emphasizes the importance of maintaining modern, trained, and ready conventional ground forces, special operations forces, and defensive space systems.

Finally, the Army's commitment to the national anti-drug effort will continue to grow.

RESPONSIBILITIES TO THE SECRETARY OF DEFENSE

Question (2). Should you be confirmed as Secretary of the Army, what would you view as your principal responsibilities to the Secretary of Defense?

Answer. My principal duties are set forth in section 3013 of Title 10 of the United States Code.

Operationally, as head of the Department of the Army, I would be responsible to support the Secretary of Defense by fielding, maintaining, and managing, in the most efficient way possible, an Army that supports the Nation's overall security objectives.

On a day to day basis, I would be responsible for executing general policy directives and such other specific directives as the Secretary and Deputy Secretary of Defense may issue.

A more immediate and specific responsibility will be to implement the Army's portion of the Secretary's Defense Management Report to the President.

DEFENSE REFORMS

Question (3). Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low intensity conflict reforms? What leadership role would you play in the full and timely implementation of these reforms? What do you understand to be the role of the Secretary of the Army under the Goldwater-Nichols Act relative to the unified and specified combatant commands?

Answer. For the past several years I have been a direct participant in the Army implementation of the Goldwater-Nichols Act, and the Army has been widely recognized as a leader in this effort. As Secretary of the Army I would ensure that the Army meets both the letter and the spirit of the law. I am also committed to full implementation of the Packard Commission's recommendations, which the Secretary adopted in the Defense Management Report. As Secretary of the Army, I would initiate and continue efforts to implement the recommendations contained in the Defense Management Report. I will continue to support reforms in the areas of special operations and low intensity conflict.

Finally, I clearly understand my role in supporting the unified and specified commanders. The Army will continue to assign forces to meet the commanders' operational needs, and ensure that those forces are properly organized, trained, equipped, and sustained.

RELATIONSHIPS TO THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Question (4). In your view, what should be the relationships of the Secretary of the Army and his acquisition subordinates to the Under Secretary of Defense for Acquisition? Do you fully support the duties and authorities prescribed in law for the Under Secretary for Acquisition?

Answer. If confirmed as Secretary of the Army, I will be responsible for supplying and equipping the Army, as provided by law (10 U.S.C. 3013). I will accomplish that objective with the overall DOD acquisition system, which the Under Secretary of

Defense for Acquisition (USD(A)) has the responsibility to manage. I would expect my assistant-secretary level Service Acquisition Executive to work closely with the USD(A), to ensure the consistency of our efforts. I fully understand the duties and authorities prescribed in law for the USD(A) and for the Secretary of the Army, and I expect that we will have a close and cooperative working relationship.

DEFENSE MANAGEMENT

Question (5). Secretary Cheney's Defense Management Review stated with respect to the secretaries of the military departments that "collectively they will be charged with helping to coordinate the activities of the military departments in the interest of the most efficient management of the overall defense program." How do you interpret this charter and how do you propose to increase coordination with the other service secretaries to carry it out?

Answer. The quoted passage in this question is included in the Defense Management Report section that deals with Management Framework. That section discusses the need for the management principles that are required for effective decisionmaking within the Department of Defense. While the Army has worked closely with the other services in the past, I believe that the use of the new Executive Committee and the strengthened Defense Planning and Resource Board will provide an effective process for increasing coordination and ensuring effectiveness of the Defense program as a whole. If confirmed, I will, of course, be consulting regularly with the Secretaries of the Navy and Air Force on matters of mutual concern.

DEFENSE ACQUISITION

Question (6). Secretary Cheney's Defense Management Review also noted in connection with defense acquisition that none of the military departments had fully met the Packard Commission's concept for clear command channels. In what way has the Army's implementation been deficient and what corrective actions will you take?

Answer. The Department of the Army has made an effective and successful response to date to the Packard Commission recommendations, although more remains to be done. I would particularly like to undertake two further steps to strengthen the Army's response.

First, initial Army experiences have shown that Program Executive Officers (PEOs) can benefit by having appropriated funds directly transferred into their control from above without any intermediary layer conducting a "purseholder" role. I would like to see this direct funding mechanism expanded.

Second, although matrix management as a management concept has been around for many years, there has never been a complete solution to the problem of personnel resources being owned by one organizational entity and made available on a needs basis to another. I would like to see the Army determine whether PEOs could operate more effectively if they were allocated permanent specialty resources in sufficient quantity to avoid dependence on specialty matrix resources owned by others.

OVERALL GOALS FOR THE ARMY

Question (7). As you survey the budget resources likely to be available to the Army consistent with the President's budget, what overall force goal would you establish for the Department of the Army? Is preservation of existing strength levels more important than sustaining readiness and modernization?

Answer. The Army's overall force goal, which is to maintain a balanced force across the four pillars of defense—Readiness, Sustainment, Modernization, and Force Structure would remain essentially unchanged. Should future budgets decline below presently programmed levels, a reexamination of force levels will be necessary. We will continue to modernize, if necessary at a reduced pace, and attempt to minimize force structure impact, but we must maintain force readiness while protecting essential sustainability. Overall Army force goals cannot, of course, be discussed definitively as an isolated item separate from the forces of the other Military Departments. The Department of Defense as a whole will seek to maintain the appropriate force structure across the armed forces that is necessary to implement the National Security Strategy.

ACTIVE/RESERVE FORCE MIX

Question (8). The Army has been operating under the Total Force Policy for 15 years. Combat operations will not be possible without reserve units. Yet the committee has found a consistent pattern of low readiness in Army Reserve component units. The committee included a directive in its report for the Secretary of Defense to review implemention of the Total Force Policy. What is your assessment of the Army's progress in implementing the Total Force Policy? What accounts for the very low readiness rating of Reserve component units? What is the likely impact of that low readiness on prospective combat operations? In your judgment has the Total Force Policy been successfully implemented?

Answer. The Army has made enormous progress in implementing the Total Force Policy. Four factors support this observation.

First, the Army has placed reliance on the Reserve components (RC) to support and sustain operations in time of war. Currently 51 percent of the total force end strength is now in the Reserve components, with 51 percent of the combat unit authorizations and 67 percent of support (Combat Support and Combat Service Support) unit authorizations of the total structure in the Reserves. Second, virtually all Reserve component units are aligned with warfighting commands in a program we call Capstone. The units get their wartime assignments from these commands and train in those tasks they will do in war. Third, we have brought RC units into the mainstream of advanced unit training by use of overseas training and combat training center experiences at the National Training Center and the Joint Readiness Training Center. Finally, we have made substantial progress in RC modernization. For example, by the end of the fiscal year 1994 funded delivery period, we will have: M1 tanks in all ARNG roundout battalions and 37 non-roundout battalions.

The principal reason for low readiness ratings in the Reserve components is personnel. Having said that, it is important to note the progress in readiness made over the past four years. In overall readiness, the Reserve components have improved over 22 percent (Combat ready, C-3 and above). Specifically, the ARNG has increased personnel readiness from 77 percent to 87 percent. In equipment on hand, from 58 percent to 95 percent. In training, from 92 percent to 99 percent. Similarly the USAR has improved personnel readiness from 53 percent to 67 percent. In equipment on hand, from 48 percent to 80 percent. And in training, from 84 percent to 92 percent. (Note: All figures exclude C-5 units—those undergoing modernization). We have a number of programs in place to continue this momentum.

We will continue to modernize the Reserve components, and we will continue increased emphasis on recruiting and retention.

Low readiness of any unit, Active or Reserve, degrades the effectiveness of combat operations and reduces the probability of success. For those units not up to standard prior to mobilization, the Army will improve their readiness status at their mobilization station. We will do this through personnel fillers from the Individual Ready Reserves or Active Army. We will achieve equipment fill by cross leveling. We will train the units through an intensive mobilization training program targeted toward their mission essential tasks of the war plan they support. Those units not brought to required readiness levels will not be certified and deployed.

While there are still issues to be addressed and areas to be improved, I am convinced the Total Army Policy is being successfuly implemented.

IMPLICATION OF PRESIDENT BUSH'S CONVENTIONAL ARMS CONTROL PROPOSAL

Question (9). President Bush announced a proposal to fix a ceiling of not more than 275,000 combat troops in Europe if the Soviet Union would adopt a similar ceiling. What are the implications for the Army's force structure and modernization plans if the President's proposal is adopted?

Answer. The implications of conventional arms control are far reaching, and touch upon a host of difficult issues such as warning time, prepositioning of equipment, current treaty obligations to NATO, and the Total Army mix of Active and Reserve forces. It is simply too early to make any specific predictions about how forces and resources "might" be reallocated.

For example, the warning time provided by such an agreement would determine the mix of combat and sustaining forces which remained in Europe. This in turn would affect the types and amount of equipment prepositioned for returning forces, and result in new requirements for air and sea lift.

I am certainly in favor of the reduction in tensions, while maintaining our security, and of efforts to achieve some sort of parity with the massive Soviet force in Europe, but it is just too early to describe the implications in any detail.

READINESS AND SUSTAINABILITY OF ARMY FORCES

Question (10). The amended budget request proposed deep reductions in production rates for most of the Army's guided missiles. At the same time, the combatant commanders continue to complain about inadequate stocks of weapons and spare parts to sustain combat operations. What is your assessment of the priority that should be given to munitions sustainability? What is your assessment of the future warfighting posture of the Army in light of the stretchout proposed in munitions procurement?

Answer. Some of the reductions in guided missile production rates were based upon affordability. Other reductions were based upon the timing on phasing in of increased capabilities which required more development and testing. For new systems, we accepted some increase in risk by delaying improvements to our warfighting capability. However, even with these reductions, we see no degradation in readiness of exising capabilities.

In order to ensure that all weapon systems have adequate munitions to carry out their combat missions, our munitions procurement carries a priority consistent with the weapon system it supports.

The current budget supports fielding of all new systems within our technical capabilities and production capacity. The program also supports 100 percent of the Army's training program, which is crucial to maintaining readiness. Within the resources provided, readiness of our warfighting forces remains our highest priority.

SPECIAL OPERATIONS FORCES

Question (11). How would you assess the implementation of the statutory directives concerning Special Operations Forces in the Army? What priority do you give to Special Operations Forces?

Answer. The Army will continue to work closely with the Joint Chiefs of Staff (JCS), the U.S. Special Operations Command (USSOCOM) and the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD SO/LIC) to implement the law and strengthen special operations and low intensity conflict capabilities. All Army CONUS-based special operations forces have been assigned to USSOCOM. The responsibilities and relationships between Army and USSOCOM are being finalized.

Recognizing the unique role of Special Operations Forces, the Army considers SOF enhancement a high priority. The Army has provided for significant positive growth for Army Special Operations Forces.

HEAVY FORCE MODERNIZATION

Question (12). The amended budget submission proposes a major new development program to build a future family of heavy combat vehicles. The purpose of the program is to build the next generation of heavy armored combat vehicles. What priority do you give to the Heavy Force Modernization program? Would this priority change with the successful negotiation of the President's conventional arms control proposal? When will you determine whether the heavy forces modernization program is cost effective and what criteria do you think are most important in making that determination?

Answer. Heavy Force Modernization (HFM) provides for modernization of the top priority combat systems in the Army's heavy force throughout the next 10 years. Continuous modernization is necessary in order to replace old or qualitatively inferior systems. The question is: what resources, within a balanced defense posture, should be allocated to armored combat vehicles and the effort to modernize the heavy forces?

The priority assigned to HFM is not expected to change based on conventional arms control proposals. *Perestroika* (restructuring) is not inconsistent with improved Soviet combat readiness. Soviet rhetoric to date has not been matched by corresponding actions to reduce their efforts to modernize. Even if Marshal Akhromeyev's statement in Washington earlier this month regarding tank production is accurate, Russian tank production is still more than twice that of the United States. The Russian tanks that we expect to see during the middle 90's will reflect significant technological improvements, requiring modernization of the Army's heavy forces in response to that challenge. The danger of a smaller, highly modernized Soviet Army must be countered by continuing to modernize our own forces.

To determine whether the HFM program is cost effective, full cost data will be completed and ready to support a Milestone I decision scheduled for the spring of 1990. The most important criteria in the cost effectiveness determination is the ability to meet operational capability requirements against the projected threat. The HFM approach has been designed to reduce costs by using common chassis and common components.

DRUG INTERDICTION

Question (13). Last year, Congress directed the Department of Defense to serve as the lead agency in the detection and monitoring of air and sea traffic involved in drug smuggling. The Congress also directed the Department to take the lead in integrating command, control, communications, and technical intelligence assets into an effective communications network to aid in the drug interdiction effort. What tasks have been assigned to the Army in executing this new mission? In your view, how can the Army best assist in these activities?

Answer. The Secretary of Defense has made it clear that fighting illegal drugs is a high priority national security mission of the Department of Defense. Army efforts in support of our Nation's war on drugs are considerable, providing support in operations, training, and equipment.

As examples, in Operation Bahamas and Turk (OPBAT), the Active Army provides helicopters and crews to transport DEA and Bahamian police. Army National Guardsmen in all 50 States and 4 U.S. territories serving in Title 32 State-status also assist U.S. Customs by searching containerized cargo and providing aerial and ground reconnaissance support to local law enforcement agencies to identify drug smuggling and marijuana cultivation. Mobile Training Teams additionally train source country counternarcotics forces in Bolivia, Colombia, and Peru. Finally, Army soldiers operate tactical satellite communications centers on U.S. Coast Guard ships in support of drug interdiction efforts.

Training assistance to law enforcement agencies (LEAs) is provided through initial and refresher training in communications, leadership, medical treatment, and special operations skills.

Equipment support to law enforcement (over 75 million dollars worth in fiscal year 1989) includes helicopters, vehicles, night vision devices, M-16 rifles, Squad Automatic Weapons (SAWs), and combat boots.

The Army can support drug interdiction by continuing efforts in all three areas.

Operational support will expand to provide additional training teams and military assistance to strengthen host nation counternarcotics force capability. Active and Reserve component units can also conduct training exercises along the southern U.S. border in potential drug trafficking zones.

Training support to LEAs will increase to encompass operational planning and logistical support operations, and more language, intelligence, and medical training.

Equipment support is expected to increase as more LEAs experience success using sophisticated military detection and communication equipment available from the Army.

The Army stands ready to assist in the execution of the National Drug Control Strategy that will be submitted in September.

[Questions for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

FORT SHERIDAN

Senator DIXON. Mr. Stone, as Chairman of the Readiness, Sustainability and Support Subcommittee, I had report language inserted into the Committee's Defense Authorization Report (101-81, page 252) on Fort Sheridan.

As I'm sure you know, the Defense Secretary's Commission on Base Realignment and Closure recommended that approximately 60 acres of the post be retained as an Army Reserve Center. However, I am concerned about the adequacy of the size of the remaining Reserve Center. As you know, seven out of eight USAR soldiers in Northern Illinois drill in overcrowded facilities. Two-thirds drill in Reserve Centers 50 percent or more over capacity, and approximately half drill in double loaded or worse facilities. The Base Commission in its discussion on this issue was extremely vague. In fact, the Commissioners really did not understand how the area was to be divided. My subcommittee did not receive what I considered adequate answers from the Army to my questions on April 11, 1989, to General Williams. As a result I had the language on Fort Sheridan placed in the Committee Report.

Mr. Stone, can you assure me that a thorough study will be made by the Army on whether by expanding Fort Sheridan to 90 acres the Army would be better able to support residual military missions on a cost effective manner?

Mr. STONE. The Army is taking action to accomplish a thorough study to determine the most cost effective manner to continue to support the residual military missions in the Chicago area. This study will address the "approximately 60 acres" and the facilities to be retained for reserve support after the closure of Fort Sheridan.

Senator DIXON. Mr. Stone, can you assure me that prior to the Army requesting authority to lease commercial administrative space in the Chicago area for units proposed for relocation from Fort Sheridan, that you will have performed a cost/benefit analysis of retaining administrative facilities on the post for these missions?

Mr. STONE. As a part of the study already planned by the Army, a cost benefit/analysis will be performed prior to leasing commercial administrative space in the Chicago area. The Commission recommendations concerning closure of Fort Sheridan specifically require the relocation of the Recruiting Battalion and the Recruiting Brigade currently on Fort Sheridan to leased space. The current Army plans are to move the two recruiting units to leased space in order to comply with the Commission recommendations.

Senator DIXON. Mr. Stone, can you assure me the study mentioned in my previous question will also address the facility needs of the Reserve component currently leased facilities in the Chicago area to determine if relocating them to existing facilities on Fort Sheridan would be more cost advantageous?

Mr. STONE. As a part of the study already planned by the Army, the facility needs of the Reserve components currently in leased facilities in the Chicago area will be analyzed. This study will also include a cost/benefit analysis of facilitizing those reserve units on the retained portion of Fort Sheridan.

Senator DIXON. Mr. Stone, can you assure me that prior to declaring any family housing on Fort Sheridan excess, that you will conduct a study of DOD family needs in the North Chicago area to determine whether retention of some of the post's family housing stock would be cost effective?

Mr. STONE. As a part of the study already planned by the Army, the Department of Defense family housing needs in the North Chicago area will be analyzed prior to any irreversible excessing action.

[The nomination reference of Michael P.W. Stone follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
July 25, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Michael P.W. Stone, of California, to be Secretary of the Army, vice John O. Marsh, Jr., resigned.

[The biographical sketch of Michael P.W. Stone, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF HON. MICHAEL P.W. STONE, UNDER SECRETARY OF THE ARMY

On 24 May 1988 Mr. Michael P.W. Stone was sworn in as the Under Secretary of the Army following Presidential nomination to the position on 31 March 1988. Mr. Stone previously served as Assistant Secretary of the Army (Financial Management) for 2 years. On May 31, 1988 Mr. Stone was also appointed the Army Acquisition Executive. On May 13, 1989 Mr. Stone was named by the Secretary of Defense to perform the duties of the Under Secretary of Defense for Acquisition, expanding Mr. Stone's major systems acquisition responsibilities to include the whole of the Department of Defense.

Mr. Stone's first U.S. Government position was in July 1982 when he joined the Agency for International Development (AID) to assume the responsibilities of Director of the U.S. Mission in Cairo, Egypt. That Mission is responsible for administering the United States Economic Assistance Program in Egypt, AID's largest administered program. Annual funding at that time amounted to approximately $1 billion and the total project portfolio of the Cairo Mission was approximately $2.7 billion. Mr. Stone's responsibilities included execution of 65 major projects.

When he returned to the United States at the end of 1985, Mr. Stone undertook an AID troubleshooting assignment in connection with the implementation of the

Kissinger Commission recommendations in Caribbean Basin Initiative countries, particularly in Honduras, Guatemala, Costa Rica and Jamaica.

Mr. Stone's business experience is primarily in the paper industry. He was a founding partner in the early 1950's of a marketing and manufacturing paper company operating world-wide and based in San Francisco, California. Between 1960 and 1982 Mr. Stone was Vice President of the parent company and President of several of the parent company's subsidiaries. The parent company also started an integrated vineyard operation in California during this period, and Mr. Stone was President of that company as well from 1969 until 1982.

Mr. Stone began his military service in March 1943. In 1944 he graduated from Pensacola as a naval aviator. Subsequent to completing fighter school in Jacksonville, Florida, he was one of the few persons from the United States to fly with the Fleet Air Arm of the British Royal Navy. He was assigned to the British carrier HMS Glory and served in the Mediterranean and the Far East as a member of 1831 Squadron flying F4U Corsairs. During this period, Mr. Stone was also detached to a Royal Air Force base and completed a special low-level reconnaissance course flying Spitfires. His squadron completed its World War II service by participating in the surrender of the Japanese forces at Rabaul, New Guinea in September 1945.

Mr. Stone is married to the former Ann Donogh. He has two married sons, Prescott and Matthew. Mr. Stone received a B.A. from Yale University in 1948 and studied at New York University Law School in 1948 and 1949. He presently resides in Washington, D.C. His permanent home is San Francisco, CA.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Michael P.W. Stone in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Michael P. W. Stone.

2. **Position to which nominated:**
Secretary of the Army.

3. **Date of nomination:**
July 25, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
June 2, 1925, London, England.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married: Althea Ann Donogh.

7. **Names and ages of children:**
Son: Prescott W. Stone, August 31, 1953.
Son: Matthew D. Stone, May 8, 1956.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Taft School, Watertown, Conn., 1937-1942.
Yale University, New Haven, Conn., 1942-1943.
Yale University, New Haven, Conn., 1946-1948, B.A. (June, 1948).
New York University Law School, New York, NY, 1948-1949.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment:

May 13, 1989-Present: Interim Under Secretary of Defense (Acquisition), Department of Defense, Washington, DC.

May 24, 1988-Present: Under Secretary of the Army, Department of the Army, Washington, DC.

May 27, 1986-24 May 1989: Assistant Secretary of the Army (Financial Management), Department of the Army, Washington, DC.

Mar. 22, 1986-27 May 1986: Consultant (pending confirmation), Office of the Assistant Secretary of the Army (FM), Department of the Army, Washington, DC.

May 1982-January 1986: Director, Cairo Mission, U.S. AID, Cairo, Egypt and Washington, DC.

August 1977-May 1982: President, Sterling Vineyards, Calistoga, California.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

I am a limited partner in several widely-held investment partnerships, all of which are shown on Form 278. I am not involved in any way in the affairs of those entities.

I am a general partner in a family investment partnership (also shown on Form 278). This partnership has no assets that have any involvement with the Department of Defense.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholar, civic, business, charitable and other organizations.

Charitable: Audubon Naturalist Society, Academy of Natural Sciences, WETA, Smithsonian Associates, Earthwatch, Chesapeake Bay Foundation, American University in Cairo, Nature Conservancy, National Museum of Women in Arts, Conservation International.

Social: Bohemian Club, San Francisco, CA; San Francisco Golf Club, San Francisco, CA; Pacific Union Club, San Francisco, CA; Racquet and Tennis Club, New York, NY.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.
None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.
Member, Republican Party.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

In 1984, 1985, 1986, a maximum of $500 in each year to either George Bush or the Republican National Committee; in 1987 $500 to George Bush; and in 1988 not more than $1,000 to George Bush.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Distinguished Civilian Service Award, 1989, Department of Defense.

Yale Club of New York, Scholarship, 1947–1948.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

All speeches have been extemporaneous and therefore I have no written file copies.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe that the President and the Secretary of Defense took into consideration the experience noted in the following paragraph.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Department of Defense service as interim Under Secretary of Defense (Acquisition), Under Secretary of the Army, Assistant Secretary of the Army (Financial management), and prior chief executive officer experience in the private sector.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Michael P.W. Stone.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant) with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the Chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

M.P.W. STONE.

This 17th day of July, 1989.

[The nomination of Michael P.W. Stone was reported to the Senate by Senator Sam Nunn on August 3, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 4, 1989.]

NOMINATION OF JOHN W. SHANNON, TO BE UNDER SECRETARY OF THE ARMY

MONDAY, JULY 31, 1989

U.S. Senate,
Armed Services Committee,
Washington, DC.

The committee met, pursuant to notice, at 10:25 a.m., in room SR-222, Russell Senate Office Building, Senator Carl Levin presiding.

Committee members present: Senators Levin, Warner, and Thurmond.

Committee staff members present: Andrew S. Effron, general counsel; Christine C. Dauth, chief clerk; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: John J. Hamre and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; and George W. Lauffer, professional staff member.

Staff assistant present: Barbara L. Braucht.

Committee member assistant present: Terrence M. Lynch, assistant to Senator Shelby.

Senator Levin. Before I welcome you, Mr. Shannon, we will turn this over to Senator Thurmond for his opening statement.

Senator Thurmond. Thank you very much, Mr. Chairman, I appreciate your courtesy.

Mr. Chairman, I want to join you in extending a warm welcome to my good friend, John Shannon, the President's nominee as Under Secretary of the Army. I have known John for several years and am especially pleased that President Bush has nominated him for this position.

Mr. Shannon brings to the position of Under Secretary of the Army 23 years of service as an Army officer and 10 years of experience as a member of the Army Secretariat. In his current position as Assistant Secretary of the Army for Installations and Logistics, he has dealt with many issues such as drug interdiction, environmental pollution, and resource management, which will be major concerns of the 1990s. I have complete confidence that he will make a significant contribution to the Army and our Nation.

Mr. Shannon, I am pleased to tell you that you have my support, and I congratulate you for the contributions you have made to your country and to the Army. I regret I have to leave to go to another appointment.

Mr. Chairman, I have three questions. I ask unanimous consent that he be allowed to answer these for the record.

Senator **LEVIN**. They will be made part of the record.

Senator **THURMOND**. Thank you very much. And I wish you great success in your new position. And any way I can cooperate, I will be pleased to do so.

Senator **LEVIN**. Thank you, Senator Thurmond.

Let me at this point call on Congresswoman Helen Bentley of Maryland. We are delighted to have you with us, Congresswoman Bentley. You are here to introduce our nominee, and because I know you might have to leave, I will save my remarks until after your introduction.

STATEMENT OF HON. HELEN BENTLEY, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Ms. **BENTLEY**. Thank you very much, Senator Levin.

It is always an honor and privilege to be given the opportunity to appear before this committee, but it is a particularly personal pleasure to come before you to introduce my good friend and fellow Marylander, John Shannon. However, after hearing all of the introductions and the words that have been given to him already by Senator Nunn, and Senator Thurmond, and Senator Warner, I do not think I have to even be here. He is well known to this committee.

But let me say that President Bush could not have submitted a better candidate for this very important position of Under Secretary of the Army. I am not going to go into his unquestioned distinction as the Assistant Secretary of the Army for Installations and Logistics, because it has been touched on here, and also the fact that for 3 years prior to that he was Deputy Under Secretary of the Army.

But while he was in the Army itself as an officer, I think it is important to put on his record that during those 23 years, he had two tours of duty in the Republic of Vietnam, including serving as an infantry battalion commander. For his service he was awarded the Bronze Star, the Air Medal, the Vietnamese Cross of Gallantry with Palm, and four Vietnam battle campaign ribbons. His battle experience was rounded out with a tour serving as a congressional liaison officer, and he retired with the rank of colonel. While he was liaison officer, he developed his outstanding ability to work with the Congress.

As has been mentioned here this morning already, Mr. Chairman, John Shannon's executive, administrative, and managerial skills are second to none. He has handled some of the toughest problems faced by the Army today; for example, the chemical weapon demilitarization program. He has handled these matters with skill and has accomplished the assigned mission.

With the Edgewood Chemical Center of the Aberdeen Proving Ground being located in my district, I have worked with Mr. Shannon to solve countless problems; and I know he is fully capable of taking on the demanding position of Under Secretary of the Army.

He has dedicated his entire adult life to serving our Army and the United States. I know that unswerving dedication will continue in his new post. He is a professional in every sense of the word.

I might note here that there were several questions asked about the Reserves this morning. His son is a Reserve officer.

On a more personal level, I have known John for some time now, and I count him and his wonderful wife, Jean, as my friends. And I am exceedingly proud to stand by his side as he prepares to enter into the second highest position in the United States Army.

Again, Mr. Chairman, it is a great pleasure to introduce for your consideration the Honorable John W. Shannon.

Senator **Levin**. Congresswoman Bentley, we thank you for taking the time to be with us this morning to introduce Mr. Shannon. We know that you may have a heavy schedule, so feel free to excuse yourself if you wish, or you can stay.

Ms. **Bentley**. I will stay about 5 minutes then I will leave, Senator. Thank you very much for your generosity.

OPENING STATEMENT BY SENATOR CARL LEVIN, PRESIDING

Senator **Levin**. Let me welcome you, Mr. Shannon, to this committee. Senator Nunn has already given a brief overview of your background. (Senator Nunn's statement appears at the beginning of Secretary Stone's July 31 hearing record.) You had a very distinguished record of service in the Army, as he and Congresswoman Bentley have indicated. You served as an officer for 23 years and afterwards continued your service to the Army when you were appointed as Deputy Under Secretary of the Army, and subsequently you were nominated and confirmed as Assistant Secretary of the Army for Installations and Logistics.

It is from this position that you have been nominated to serve as the Under Secretary of the Army. The Under Secretary of the Army is a critical position. The Under Secretary is the Army's principal focus for NATO affairs, relations with industry, and long-term planning for the Army. I cannot think of three areas that demand greater attention than those three at this critical point in the Army's history.

It is a real pleasure to welcome you. I believe that you and your wife, Jean, have already been recognized by the Chairman. We welcome both of you. You are free to proceed with your opening statement, if you have one.

STATEMENT OF JOHN W. SHANNON, ASSISTANT SECRETARY FOR INSTALLATIONS AND LOGISTICS, U.S. ARMY

Mr. **Shannon**. Thank you very much, Mr. Chairman.

Let me say that it is indeed a pleasure to appear before this committee. I would like to thank Mrs. Bentley, my fellow Marylander, for being here to introduce me. She is a friend of the Army and a personal friend of mine. I appreciate Helen coming over.

Mr. Chairman, it is indeed a pleasure to appear before this committee. It has been a long relationship I have had with this committee. I appreciate, Mr. Chairman, you taking time to hold this hearing.

I recall when I was a liaison officer my first opportunity to meet with you was when you first came to Congress. Over the years you have been very helpful, and I appreciate your friendship over the many years. Let me say that I want to publicly thank the President and Secretary Cheney for allowing me this opportunity to continue my public service.

As you well know, Mr. Chairman, for the last 8 years I had the opportunity of serving with a distinguished American, Secretary John O. Marsh, Jr., and I would like, on behalf of all the members of the Army family, to thank him for his dedication to duty and his stewardship of the U.S. Army over the past 8 years. I have also had the pleasure of serving with Mike Stone, and I look forward, if confirmed, to continuing to serve with Mr. Stone in carrying out the responsibilities of the Under Secretary of the Army.

Mr. Chairman, let me say for Senator Nunn, the distinguished chairman of this committee, that it has been a long relationship and one in which I have learned a great deal. He is a man whom I respect a great deal. I would like to commend him on his outstanding leadership over the years and thank him for the friendship he has shown toward me and my family.

The distinguished ranking minority member has on more than one occasion recommended me and supported me for various responsible positions in the U.S. Army and the Department of Defense. He has supported me in this nomination, and I want to thank him for that.

I would be remiss, Mr. Chairman, if I did not thank this committee's staff because the staff of this committee is very important to me and to this committee; Mr. Punaro, whom I have known for years, as well as Pat Tucker, and I am going to skip the other members and mention one other, Ms. Dauth, who has been a dear friend of mine for the past 17 years and has been very helpful.

I have had a long and rewarding career, Mr. Chairman, 23 years of active duty. The first 17 years of active service I never served above division level. I was able to serve with troop units and I understand what it is to be at that level.

I look forward to assuming new responsibilities as the Under Secretary of the Army and serving with Mr. Stone. Who would think that over 34 years ago that this kid from Kentucky would be sitting before this distinguished committee asking for their favorable consideration for my nomination to be Under Secretary of the Army?

I think what will stick most in my mind as I try to carry out this awesome responsibility are the soldiers I have served with from the first time my platoon sergeant told me, "Lieutenant, I run this platoon, you command it;" to the last time I left Vietnam. I remember those soldiers that I served with. I remember the pain, I remember the joy. As I take on this responsibility, I will try to remember that we hope that this Army will never have to fight a war, but if it does, Mr. Chairman, I will work like the devil to make it a better Army to be ready to do that.

With that, Mr. Chairman, I would like to answer any questions the committee may have.

Senator LEVIN. Thank you. Thank you so much, Mr. Shannon.

My hunch is that when you asked the question, who would have thought the kid from Kentucky would be here this morning, I am sure that that kid's family never had any doubt about it.

As Under Secretary of the Army, you are going to be the focal point for our relations with NATO. The defense authorization bill, which passed the House, deletes funding for NATO host nations support equipment. What is your reaction to that action by the House?

Mr. SHANNON. Mr. Chairman, over the past 4 years as the Assistant Secretary for Installations and Logistics, I worked very hard to try to improve that particular issue. It is unfortunate that the House deleted that. The Germans have put a lot of work into that, and they have, over the years, met their responsibility in that particular issue.

If the Congress sees fit to carry out that certain provision of the House bill, we will have to try to get the Germans to provide some of that equipment, and we will have to review the issue. I think host nation logistics is a very interesting issue, Mr. Chairman. As you well know, we have other agreements around the world to do that.

With combat support and combat service support units primarily being in the Reserve forces, and some of them early deploying units and some not, it is important that we continue to work hard at host nation support to provide the early on logistical support that will be needed when troops are deployed. So if that provision remains in the bill, it will mean that we will have to look at other ways of going about providing the necessary logistics to carry out the responsibility to support the troops when and if they are deployed.

Senator LEVIN. If the President's arms control proposal for conventional forces is successfully negotiated, NATO is going to have to depend more heavily on reinforcing forces and less on forward stationed forces. How effective are we today in mobilizing and reinforcing forces for our current NATO commitment? Specifically, can we have 10 divisions in Europe in 10 days as we have committed?

Mr. SHANNON. Mr. Chairman, in addressing that question I think the long pole in the tent, or the one thing that the Army has least control over, is lift, airlift and sealift. To fulfill that commitment, we have to increase our lift capability. We cannot, with present lift, do that.

So I would say that should cause the senior leadership to review the priorities, and provide the necessary resources for lift.

Senator LEVIN. You have answered Senator Nunn's advance question on industrial base by saying that the current U.S. industrial base would only be able to meet 60 percent of our wartime equipment needs, even after 3 years of mobilization. Is that 60 percent uniform across all the industry, or is it concentrated in certain industries?

Mr. SHANNON. It is not uniform, Mr. Chairman, across industry. There are certain areas where it would take longer than 3 years. And I think that probably it will continue to be that way. You have to look at the priorities and prioritize those things that you need immediately and those things that would come along later. So to answer your question, no.

Senator LEVIN. Again, if the conventional arms control proposals are successfully negotiated, will we not rely more on mobilization in the future?

Mr. SHANNON. True, Mr. Chairman. I agree with that.

Senator LEVIN. Any ideas as to how to tackle the problem?

Mr. SHANNON. The first thing that comes to mind in answering that question is the total force that we have already talked about. Mr. Chairman, about 40 percent of the combat forces in the United States Army are in the Reserve components; about 60 percent of the combat support forces, and about 70 percent of the combat service support forces. We are going to have to rely more heavily on the Reserves. We are going to have to increase the readiness of those Reserves. We are going to have to increase the resources that go into those Reserves. That would be an avenue that we would have to explore.

If such talks would cause us to withdraw troops from Germany, we would have to rely more on the Reserve forces and do a better job than what we have done in the past. Although we have made great progress, we would have to make increased progress.

Senator LEVIN. There is one question I want to finish with on professional military education. The panel on military education in the House of Representatives, or actually the House Armed Services Committee, recently issued a report after they had a series of hearings and traveled to all of the joint and service schools. This is one statement from their report: "The panel is concerned that the Army War College lacks a clearly defined focus."

You are a graduate of that college. I am wondering whether or not you are familiar with the report and as to whether you have any thoughts on that conclusion of theirs; and if you agree with it, what you might suggest to rectify the problems that the panel found at that particular college and at other senior professional military education establishments.

Mr. SHANNON. I am not familiar with the report, but from the statement you just read, I would have to say that I guess it is in the eyes of the beholder as to what the focus is. I am a graduate of the United States Army War College. I think senior service schools are very important.

I had the opportunity to attend the Army War College after I returned from Vietnam the second time. I was in my 19th year of service. I found that there was a focus there. The focus is that you gather at those schools many years of experience from many varying backgrounds; and if you are able to mold those experiences and to focus on future use of the Armed Forces, to look at the threat as perceived by others, you are able then to develop in your future senior leaders who go to those schools the ability for innovative thinking.

Mr. Chairman, when you have served 17 years below division level, you have a mindset, and as you mature in your experience and your leadership, you need the opportunity to think broadly, and to think innovatively, and to get the benefit of others' experience for you to be a more mature leader. If you are going to focus in the senior service schools on certain tactics, then I think you miss the point. That should have been accomplished in your younger years of your military schooling and education at the command

and general staff level. When you get to the senior service school level, you need an opportunity to think broadly and innovatively and get the broad picture of the world and the world situation, and how the Armed Forces play in that.

Senator **Warner**. Mr. Chairman, could I just interrupt to express my appreciation to the President for selecting such a fine individual as Secretary Shannon.

Senator **Levin**. If you will yield for just a minute.

Senator **Warner**. I have to get on the floor.

Senator **Levin**. I know that, but I want to let you know how much he expressed his gratitude to you when you stepped out of the room for a moment, and his indebtedness to you for all your support of him over the years. I just wanted to interrupt you for that narrow purpose.

Senator **Warner**. The Marines may have a few good men, but the Army is getting a very good one, I will tell you that right now. And we are fortunate that you and Mrs. Shannon are willing to remain in public service.

I appreciate the sentiments you expressed, and I thank the Chair. And I beg forgiveness. We have got a minor matter on the floor.

Mr. **Shannon**. I thank the distinguished ranking minority member. Thank you, Senator.

Senator **Levin**. Thank you, Senator Warner.

That is all the questions I have. We will keep the record open on both these nominations through today for any other questions and hope that we can expedite the full consideration of them.

Thanks so much.

Mr. **Shannon**. Thank you, sir. It is very kind of you.

Senator **Levin**. The committee will stand adjourned.

[Whereupon, at 10:47 a.m., the committee was adjourned.]

[Prepared questions submitted to John W. Shannon by Senator Nunn prior to the hearing with answers supplied follow:]

ASSISTANT SECRETARY OF THE ARMY,
Washington, July 28, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This letter responds to your request for specific information in connection with the President's nomination of me for the position of Under Secretary of the Army. Your questions and my responses are enclosed.

I realize I am very fortunate to receive this opportunity and look forward to appearing before your committee. Your timely consideration of my nomination is appreciated.

Sincerely,

JOHN W. SHANNON,
Assistant Secretary of the Army,
(Installations and Logistics).

Enclosure.

RELATIONSHIP TO ASSISTANT SECRETARIES

Question (1). What will be your relationship to the Assistant Secretaries of the Army?

Answer. I believe my previous 8 years experience as a Deputy Under Secretary and then an Assistant Secretary will enable me to lead the Assistant Secretaries with credibility and a unique perspective. Likewise, I will offer them advice, assistance, and guidance in those areas where I have the experience and institutional knowledge to make a sound contribution. One of my first tasks will be to ensure the smooth and effective transition of newly appointed Assistant Secretaries. I want them to be able to establish themselves quickly and contribute to the decisionmaking process as soon as possible.

ROLE IN ACQUISITION PROCESS

Question (2). What role will the Under Secretary of the Army play in the acquisition process for the Army? If you are not going to be appointed as the Service Acquisition Executive, what role will you play in supervising the activities of the Service Acquisition Executive and the acquisition process?

Answer. The Service Acquisition Executive for the Army will be the appropriate Assistant Secretary of the Army.

I expect, as a matter of day-to-day management, to maintain oversight responsibility for the Secretary of the Army for certain functional areas that are a part of the acquisition process: logistics, military construction, personnel, training, and so forth. I am committed to making the strengthened roles for the Under Secretary of Defense for Acquisition and the Service Acquisition Executive for the Army work.

ALTER EGO TO THE SECRETARY OF THE ARMY

Question (3). The Under Secretary will, of course, perform the functions of the Secretary in the event of the absence or disability of the Secretary. What steps would you take to ensure that you will be attuned to and capable of representing the views of the Secretary on the myriad of issues that might arise under these circumstances?

Answer. The specific details of our working relationship and method of operation will evolve over time. In the interim, I will spend a significant amount of time with the Secretary and each of the Assistant Secretaries to ensure there is no loss of continuity during the transition period within the Department of the Army, or with the Department of Defense.

Additionally, having served 8 years in the Army Secretariat, I have a thorough understanding of the workings of the Office of the Secretary of the Army. This experience will help immeasurably in staying abreast of key issues, should I be required to perform the Secretary of the Army duties for any reason. As the Under Secretary, I will co-chair the Select Committee (SELCOM) which is the senior integrating forum for the Army and is comprised of the principals of the Army Staff and the Secretariat. Active participation in the SELCOM and other senior committees and boards will ensure I am able to represent the Secretary in all matters within the Army, at Defense level, and throughout the administration.

MANAGEMENT SKILLS

Question (4). No matter what specific responsibilities are assigned to you as the Under Secretary of the Army, you will have a major role as a senior manager and leader within the Department of the Army. How would you assess your management and leadership skills?

Answer. As you may have noted from my background, my entire adult life has been spent in an Army leadership or managerial position. My management and leadership skills have been continuously developed and honed from my commissioning as a second lieutenant to my current position as Assistant Secretary. My most valuable experience and test of leadership was the opportunity to lead soldiers in combat in Vietnam. The variety of positions I have been privileged to hold in the last 34 years, including 3½ years as the Deputy Under Secretary of the Army and 4½ years as the Assistant Secretary of the Army for Installations and Logistics, have given me the best possible management and leadership experience in preparation to assume the duties of Under Secretary of the Army.

DEFENSE REFORMS

Question (5). The Under Secretary will probably play a role in achieving the full potential of many reforms mandated by the Goldwater-Nichols Act, the Packard Commission, and the recently completed Defense Management Review. Do you fully support these reforms and what role do you expect to play in the full and timely implementation of these reforms?

Answer. I fully support the many reforms of the Goldwater-Nichols Act, the Packard Commission, and the Secretary of Defense's Defense Management Report and plan to play a major role in their continuing implementation, both in law and in spirit. It is important we proceed diligently and methodically toward doing things in an efficient manner. My role will be to ensure the Army provides a coordinated, unified, and viable reform effort. The Vice Chief of the Army and I will oversee an Army Management Review Task Force that will continue the ongoing effort for full and timely implementation of these reforms.

INTELLIGENCE OVERSIGHT

Question (6). The intelligence function is one of the most important functions of the military departments and one which requires a significant level of supervision and oversight. Do you expect to play a role in overseeing the intelligence function and, if so, what steps will you take to ensure that the oversight is carried out properly?

Answer. I expect to play a key role in the intelligence oversight process as an advisor to the Secretary on issues of policy and propriety of Army intelligence operations. I also expect to be the approval authority for some designated activities and to act for the Secretary in his absence.

The Army has developed a sophisticated and functional supervision and oversight structure which extends from the operational element through the Major Commands to Department of the Army. Oversight and technical consideration occur at each level. We have designed procedures and specific staff elements to ensure that the senior Army leadership is knowledgeable of current operations and intimately involved in the approval process. Our process gives us central registration of key activities, proper inspection, legal review, and senior-level review. I am committed to helping ensure that this structure remains in place and operates effectively.

MILITARY SUPPORT ACTIVITIES

Question (7). As Assistant Secretary (Installations and Logistics), you had oversight of military support activities and support related to civilian law enforcement, domestic terrorism, drug interdiction, earthquake and disaster relief and civil disturbances. Some within the Department of Defense are of the view that these are activities that are better suited to be handled through the unified and specified combatant commands than through the military departments.

a. What is your view as to the appropriate chain of command for performance of these activities?

b. What problems exist within the Army with respect to these support activities and what steps have been taken, if any, to correct those problems?

Answer. It is important to keep in mind that we are discussing support to non-DOD Federal as well as State and local civilian agencies, not the conduct of military operations. With that clearly in mind, it is my view that the Secretary of the Army, functioning as the Secretary of Defense's Executive Agent, and using the necessary assets of the services and Defense agencies, provides the most effective and appropriate chain of command. The present Executive Agency chain of command should be retained to ensure proper civilian management and control of Department of Defense support to civil agencies within the United States. The uniqueness of most of these support requirements necessitates policy oversight as well as operational control. The Assistant Secretary for Installations and Logistics, as directed by the Secretary of the Army, provides that oversight through the Director of Military Support who, as the Secretary's action agent, executes the mission in coordination with the joint staff. This clearly established chain of command keeps the senior leadership fully informed so that we may discharge our responsibilities of overseeing the Army's resources and keeping key decisionmakers informed. This system has worked effectively and has a proven record of success in such crises as the 1987 Atlanta and Oakdale Prison riots, the 1988 Yellowstone fires, and the continuing Alaska oil spill cleanup.

Problems associated with funding and readiness, always a possibility when military forces are employed to support these activities, are frequently minimized through reimbursement by other agencies or exploiting the training opportunities inherent in any operation. The Army's contribution to the war on drugs is a good example of meeting an operational requirement while concurrently training soldiers in skills directly related to their combat roles.

ARMY FOCAL POINT FOR NATO AFFAIRS

Question (8). General Order Number 15 outlines the current Duties and Responsibilities of the Under Secretary. That order specifies that the Under Secretary shall be the Army's focal point for NATO affairs. Is that role still envisioned for the Under Secretary? If so, what does the nominee consider to be the most serious problems facing the Alliance and what changes in Army policies and practices can help to alleviate those problems?

Answer. Dealing with the Alliance on matters of national security is the prerogative of the President, Secretary of State, and the Secretary of Defense. The Army's role is to support their efforts by fostering and maintaining friendly working relationships with member nations that host our soldiers and training activities. For example, we will continue to strengthen host community relations near our installations and training areas, and remain sensitive and responsive to environmental issues and maneuver damage concerns.

The most serious challenge facing the Alliance is to preserve unity and maintain deterrence in an era in which the nature and perceptions of the threat are clearly changing, and domestic conditions in all member nations emphasize fiscal restraint. This will have major implications for Army policy. In simple terms, the question presented is whether we will have adequate levels of forward-based troops to successfully execute a conventional defense. We have entered into arms control negotiations to reduce present levels of risk. Forces remaining in Europe, in any post-agreement environment, will still require adequate resources to guarantee their high level of readiness. Even as we contemplate significant reduction through negotiations, we must continue to modernize our forces in this top priority theater.

ARMY FOCAL POINT FOR MOBILIZATION AND INDUSTRIAL BASE

Question (9). General Order Number 15 also stipulates that the Under Secretary shall be the Army's focal point for industrial mobilization and the industrial base in general. Is that role still assigned to the Under Secretary? If so, how would you characterize the health of the industrial base upon which the Army depends? What steps do you believe need to be taken to strengthen the industrial base? What policies should the Army change or adopt in order to strengthen the industrial base?

Answer. The role of the Army focal point for industrial mobilization and industrial base still is assigned to the Under Secretary of the Army, with the Assistant Secretary of the Army (Research, Development and Acquisition) as his principal advisor.

In general, I would characterize the industrial base as sufficient to support peacetime acquisition and low intensity conflict; however, recent mobilization exercises have shown that, since our present industrial base would only be able to meet 60 percent of our wartime equipment needs even after 3 years of mobilization, we would experience severe problems in supporting full mobilization and a high intensity conflict.

This problem is not one that can be solved overnight. Strengthening the industrial base requires solutions whereby industry is given incentives to help them improve their competitiveness worldwide and retain manufacturing capability onshore.

There is a need to institutionalize programs that foster this goal. Some of these, such as concurrent engineering and manufacturing methods and technologies are examples of programs supporting this goal.

The strengthening of the industrial base is not constrained by current Army policies; it is constrained by affordability. The Army will continue to support and fund, where possible, high payoff initiatives which will assure the retention of the basic wartime industrial surge capability to include the modernization of Army-owned industrial facilities that will promote a basic organic capability. Our policies are not geared exclusively to large industries; conversely, focus will continue to be given to the small business community which indeed provides a basis for our industrial mobilization capability.

ARMY FOCAL POINT FOR LONG-RANGE PLANNING

Question (10). That same general order stipulates that the Under Secretary shall be the focal point for long range planning for the Army. Is that role still assigned to the Under Secretary? If so, what resources will the Under Secretary have for determining long-range plans for the Army? If President Bush's conventional arms control proposals are successfully negotiated, what are the implications for the Army's long term force structure?

Answer. Long-range planning is extremely critical to the Army, and assuming that responsibility remains with the Office of the Under Secretary, I expect to maintain active oversight. The Secretary of the Army and the Chief of Staff jointly issue and promulgate the Army Long-Range Planning Guidance—the corporate vision of the Army future. The Army has established a comprehensive system of long-range planning. Each Army Staff element along with every Major Army Command and

Army Component Command has a long-range planning staff which participates in the Army's long-range planning system.

It is premature to speculate at this point what the impact of the President's arms control initiatives on long-term force structure will be. Obviously, it will depend upon the specific agreement reached between the two sides. While an agreement will hopefully decrease substantially the Warsaw Pact threat to NATO, the Pact will still retain a significant combat capability. Moreover, the U.S. Army must remain capable of responding to threats throughout the world given our global interests.

[Questions submitted for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

BASE CLOSURE

Senator **THURMOND**. Mr. Shannon, Secretary Carlucci's Commission on Base Closure has recommended that several Army installations be closed. What steps has the Army taken to facilitate these closings and what problems do you anticipate in these efforts.

Mr. **SHANNON**. As you know the Army fully supports the Secretary's initiative to streamline the basing structure and has begun the extensive planning necessary to implement such an ambitious task. Specifically, we have begun to assess the environmental impact of the realignments and closures; we are in the process of finalizing the construction requirements generated by Base Closure and Realignment actions; and we have begun the detailed planning necessary to ensure the proper execution of the actions dictated by the Secretary of Defense and Congress.

As to the second part of the question we feel the actions directed under the Base Closure Act are executable within the legislated time frames. One point of note, successful execution is dependent upon adequate funding "up front". It is absolutely critical that the Base Closure Account be capitalized sufficiently in the near term to ensure long term success in Base Closure initiatives.

ENVIRONMENTAL PRESERVATION

Senator **THURMOND**. Mr. Shannon, as the Assistant Secretary of the Army for Installations and Logistics, you were responsible for environmental preservation and restoration. What is the extent of the environmental clean-up problem on Army installations and what progress are we making in cleaning up these problems?

Mr. **SHANNON**. Preliminary assessments (PAs) have been conducted on over 190 major Army installations. In addition, by the end of this fiscal year, PAs will have been performed on all of the approximately 1,200 pieces of property "owned" by the Army. Next fiscal year, an additional 260 properties, mostly leased by the Army Reserve, will have been assessed. When completed in fiscal year 1990, all properties controlled by the Army will have been assessed for the potential for contamination. To date, the Army has identified 117 installations with over 2,900 potential sources of contamination which have entered the remedial investigation/feasibility study (RI/FS) stage. Approximately 2,300 of these potential sources have had an RI/FS completed. During fiscal year 1989, $65.4 million were used to fund RI/FSs on 56 installations. In fiscal year 1990, based on the draft workplan, $72.7 million will be used to fund RI//FSs on 61 installations. The Army has identified, to date, 84 installations where remedial actions (RA) are required. Cleanup actions at 110 potential sources have been completed on 10 installations with the most significant being the incineration of 40,000 tons of explosively contaminated soil at Cornhusker Army Ammunition Plant. That incinerator has been subsequently moved to the Louisiana Army Ammunition Plant where approximately 120,000 tons of explosively contaminated soil are being decontaminated. In fiscal year 1989, $83.2 million was spent on RAs at 73 installations. In fiscal year 1990, approximately $90 million will be spent on RAs at 70 installations. The Army has 18 installations on the U.S. Environmental Protection Agency's (EPA) National Priority List (NPL). Three more Army installations have been proposed for the NPL, while 13 more are currently in the EPA comment period prior to being formally placed on the proposed list. Nine of 18 installations on the NPL have formal Federal Facility Agreements (FFA) between the installation and the appropriate EPA region. The signing of several more FFAs is imminent. Thus far, the Army has spent $650 million of the Defense Environmental Restoration Account for currently owned sites for investigations and cleanups. It is estimated that some $5 to $10 billion will be required over the next 10-15 years to complete the cleanup process.

DRUG INTERDICTION

Senator **Thurmond**. Mr. Shannon, it is my understanding that the Army provides substantial support to the Defense Department's Drug Interdiction program. Could you give some examples of this support, and tell us in your personal opinion what the impact this support has on Army readiness?

Mr. **Shannon**. You are correct Senator Thurmond, the Army does provide substantial support to the Nation's "war on drugs." The Total Army currently has over 1,500 active Army and National Guardsmen engaged in this effort. These soldiers provide training and technical support to Law Enforcement Agencies in the United States and counternarcotics forces in foreign nations. Operations range from three-man communications teams supporting Coast Guard operations to significantly larger National Guard deployments to survey regions of the southwest border and to support U.S. Customs search teams at U.S. ports of entry to locate drugs in containerized cargo shipments. In the Caribbean, Operations Bahamas and Turks (OPBAT) employs 17 soldiers and three helicopters to give DEA agents a quick reaction capability to interdict drug trafficking. The Army has also loaned over $75 million worth of equipment to Law Enforcement Agencies in support of the "war on drugs". Examples of loaned equipment include helicopters, night vision devices, ground surveillance radios, rifles, and shotguns. In regard to the impact this support has on Army readiness, the Army receives some training benefit in the areas of leadership, aviation, surveillance, and communication operations. At current Army manpower and funding levels, this mission is not significantly detrimental to readiness. As you know, the Army has fought many wars and has adapted to changing threats to national security for over 200 years. This is another threat to national security that the Army is responding to.

[The nomination reference of John W. Shannon follows:]

Nomination Reference

As in Executive Session,
Senate of the United States,
July 17, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

John W. Shannon, of Maryland, to be Under Secretary of the Army, vice Michael P.W. Stone, resigned.

[The biographical sketch of John W. Shannon, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Hon. John W. Shannon, Assistant Secretary of the Army (Installations and Logistics)

Mr. John W. Shannon was appointed to the position of Assistant Secretary of the Army for Installations and Logistics on December 7, 1984, taking the oath of office on December 13, 1984. Prior to this appointment, Mr. Shannon served as Deputy Under Secretary of the Army from June 1981 to December 1984. In his current position, he is the principal advisor and assistant to the Secretary of the Army for Department of the Army policy and activities in the areas of logistics, installations operations and construction, environmental preservation and restoration, and safety. He also directs commercial activities and accompanying contract administration throughout the Department of the Army and manages the Army's Chemical Stockpile Disposal Program.

In addition to these responsibilities, Mr. Shannon exercises oversight of the Civilian Marksmanship Program, Kwajalein Missile Range matters, and military support activities related to civilian law enforcement, domestic terrorism, drug interdiction, disaster relief, civil disturbances, and civic assistance matters for which the Secretary of the Army has been designated Executive Agent. Mr. Shannon also serves as the interface between the District of Columbia National Guard, the Department of the Army, and the District of Columbia Government.

A native of Louisville, Kentucky, Mr. Shannon attended public schools in that city and graduated from Central State University in Wilberforce, Ohio, in 1955, with a Bachelor of Science degree. He received his Master of Science degree in 1975 from Shippensburg State College, Shippensburg, Pennsylvania; pursued additional postgraduate studies at Catholic University; and is a graduate of the United States Army War College.

Upon graduation from college, Mr. Shannon was commissioned into the Regular Army as a second lieutenant, Infantry. He served on active duty for over 23 years from 1955 to 1978. During that time, he served in varius capacities as a commander and staff officer. His active duty service included two tours in the Republic of Vietnam as an advisor and as an Infantry battalion commander. Mr. Shannon retired in the grade of colonel.

His experience in the areas of military force development, force structure, personnel policy and administration, and congressional affairs activities includes working as a congressional liaison officer in the Office of the Secretary of the Army and serving as Special Assistant for Manpower, Reserve Affairs and Logistics to the Assistant Secretary of Defense for Legislative Affairs.

Among Mr. Shannon's numerous awards are the Combat Infantry Badge, Parachutist Wings, and the Ranger Tab. He is also a recipient of the Department of the Army Distinguished Civilian Service Award, Legion of Merit, Secretary of Defense Award for Outstanding Public Service, Defense Meritorious Civilian Service Award, Defense Superior Service Award, Bronze Star, Meritorious Service Medal with Oak Leaf Cluster, Air Medal, Vietnamese Cross of Gallantry with Palm, four Vietnam Battle Campaigns, Roy Wilkins' Meritorious Service Award, and the Korean Gugseon Medal.

Mr. Shannon and his wife, Jean, have one son, John, Jr., who is a lieutenant in the United States Army Reserve.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by John W. Shannon in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

Part A—Biographical Information

Instructions to the Nominee: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

John W. Shannon.

2. **Position to which nominated:**

Under Secretary of the Army

3. **Date of nomination:**

July 17, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

Date: 13 September 1933.

Place: Louisville, KY.

6. **Marital status:** (Include maiden name of wife or husband's name.)

Married, Jean Rheta Miller.

7. **Names and ages of children:**

Son; John W. Shannon, Jr.; 30 years of age.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Catholic University, Washington, DC., 1978, no degree.

Shippensburg State College, Shippensburg, PA, 1974-75, MS Degree.

Central State University, Wilberforce, OH, 1951-55, BS Degree.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

December 1984 to present: Assistant Secretary of the Army (Installations and Logistics), U.S. Army, The Pentagon, Washington, DC.

June 1981 to December 1984: Deputy Under Secretary of the Army, U.S. Army, The Pentagon, Washington, DC.

October 1978 to June 1981: Congressional Liaison Officer, Office, Secretary of Defense, The Pentagon, Washington, DC.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

The Army-Navy Club.

The Rocks, Incorporated.

Association of the United States Army.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

$500.00, Maryland Republican Party.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Military: Combat Infantry Badge, Parachutist Wings, Ranger Tab, Legion of Merit, Bronze Star, Meritorious Service Medal with Oak Leaf Cluster, Air Medal, Vietnamese Cross of Gallantry with Palm, and four Vietnam Battle Campaigns.

Civilian: Department of the Army Distinguished Civilian Service Award, Secretary of Defense Award for Outstanding Public Service, Defense Meritorious Civilian Service Award, Defense Superior Service Award, Roy Wilkins' Meritorious Service Award, and the Korean Gugseon Medal.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Yes, I believe I was chosen based on the recommendation of the Secretary of Defense and my qualifications.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Over 23 years of active military service; over 10 years of public service which includes working with the executive and legislative branches of Government, managing important and sensitive programs, and oversight responsibility for budget development and execution.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: John W. Shannon.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee reponded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? Is so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JOHN W. SHANNON.

This 18th day of May, 1989.

[The nomination of John W. Shannon was reported to the Senate by Senator Sam Nunn on August 3, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 4, 1989.]

NOMINATION OF JOHN A. BETTI, TO BE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

THURSDAY, AUGUST 3, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 4:10 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Warner, Thurmond, and Lott.

Also present: Congressman Broomfield.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; and Christine C. Dauth, chief clerk.

Professional staff members present: John J. Hamre, William E. Hoehn, Jr., Michael J. McCord, Norman G. Mosher, and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Brian D. Dailey, Jonathan L. Etherton, George W. Lauffer, John E. Mansfield, Durwood W Ringo, Jr., and Mark B. Robinson, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Edward M. McGaffigan, Jr., assistant to Senator Bingaman; Terrence M. Lynch, assistant to Senator Shelby; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

Chairman NUNN. The committee will come to order.

I'm going to ask Mr. Howard to join Mr. Betti up there at the witness table.

I am going to introduce both of you. Then we will let you resume your other seat, Mr. Howard, and we will take you individually.

But I want to introduce both of you together this afternoon.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee meets this afternoon to consider the nomination of Mr. John Betti, to serve as the Under Secretary of Defense for Acquisition.

On behalf of the committee, I extend a welcome to the nominee and also would like to recognize his wife, Joan, who is with him this afternoon.

We are delighted to have you. Thank you for coming.

The Office of the Under Secretary of Defense for Acquisition was established as a result of congressional initiatives and the Packard Commission on Defense Management.

This Under Secretary is responsible for establishing acquisition and industrial base policies covering research, development, testing, procurement, logistics, and contract administration.

If confirmed, the nominee will be the Department's third most senior official, the Department's top procurement and acquisition executive, and the official responsible for overseeing activities that account for over 50 percent of the Department of Defense funds.

This committee has learned, by watching the experiences of his predecessors, that Mr. Betti's success in this position will be strongly dependent on his authority to manage all parts of the acquisition process. This authority must be clearly understood and decisively used.

The challenges Mr. Betti faces will be very significant.

The Department of Defense faces the difficult task of operating with reduced funds as the realities of constrained budgets hit home. The hard decisions made by Secretary Cheney in cancelling several major programs reflect this reality.

We have seen the reaction in the defense industry and we have seen the reaction in Congress. In my opinion, we cannot afford to back down from the tough job of making tough decisions.

In addition, there are the problems of implementing the reforms recommended by the Packard Commission. This spring, we received testimony from the Department of Defense Inspector General concerning the Department's lack of progress in this regard. Mr. Betti, this will be one of the major challenges that you face.

Finally, the changing nature of our relationship with our allies and potential adversaries also complicates the defense acquisition process.

Secretary Gorbachev's policies have become a stimulant for change and these changes have major consequences for the United States and our allies. It remains clear, however, that our allies must do more in terms of sharing the burdens of common defense.

Mr. Betti has answered the advance set of questions on defense acquisition matters that we sent him from the committee. These answers were provided to committee members as soon as they were received.

I will ask unanimous consent at this point that they be part of the record.

Without objection, they will be.

[The information referred to follows the hearing record.]

Chairman NUNN. I also would like to welcome today Mr. Dan Howard, to be Under Secretary of the Navy.

Mr. Howard appeared before us some 20 months ago for confirmation for his previous job as Assistant Secretary of Defense for Public Affairs. The committee is familiar with his very distinguished record of public service.

The Under Secretary position in any of the services varies considerably with the personality, desires, and capabilities of the Secretary. If the Secretary and the Under Secretary complement each other well, the result is a very effective team.

We would be interested to hear from Mr. Howard how he views the fit of his capabilities and interests and his role in the Navy Department with that of Secretary Garrett.

Much needs to be done in naval aviation force structure planning. The manner in which we carry out anti-submarine warfare is undergoing a structural change. The amphibious force is facing block obsolescence, and there are challenges in the arena of arms control which will have to be tackled and dealt with.

These are but a few of the challenges which the leadership of the Navy will be dealing with in the coming years of significant fiscal constraint.

So, Mr. Howard, it is a pleasure to welcome you here today.

I believe your wife, Mary Ruth, is with you today.

We welcome you and we are glad to have you.

Do you have anybody else with you from your family?

Mr. HOWARD. No, sir.

Chairman NUNN. I would like first to invite Senator Warner to make any remarks that he feels are appropriate about our two nominees. Then I want to welcome Congressman Bill Broomfield, who is one of our outstanding leaders in the House of Representatives. He will be making an introduction for us this afternoon.

Bill, we are delighted to have you. We are honored.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. We indeed join you in welcoming Mr. Broomfield to this committee.

I cannot think of how many times we have been in your committee room, William. It is nice to have you over here with us.

Mr. Chairman, these are two outstanding Americans. The President has chosen wisely and carefully.

Mr. Betti, your appointment is for the hottest position in town, and that is military procurement.

Mr. Howard, you are ably suited to defend him.

So, between the two of you, I hope you get the job done.

Of course, Mr. Howard, I had the privilege of talking with you briefly yesterday. You've got the best job in Washington, and I know that.

All I can say is enjoy it while you've got it because what comes after it is not going to be as pleasant, whatever it may be. [Laughter.]

My welcome also to the families. I hope the wives don't let their husbands take their jobs too seriously. Let them get home so that the rest of the people can enjoy life a little bit in their departments.

Thank you, Mr. Chairman, for letting me make that very erudite statement. [Laughter.]

Chairman NUNN. Thank you, Senator Warner.

Mr. Howard, your job is a good one if you have a good Secretary. Senator Warner is speaking from his experience as being Secretary, and he was a good one.

Bill, we are delighted to have you.

STATEMENT OF HON. WILLIAM S. BROOMFIELD, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. **Broomfield**. Thank you very much, Senator.

I am particularly honored to be here today before this great committee. I could also say on behalf of Senator Levin, coming from Michigan, that I am happy to have this chance to introduce one of my fine constituents to this committee.

John Betti is a senior executive at Ford Motor, where he participated in one of the most dramatic turnarounds in American industry in recent memory.

I would say, Mr. Chairman, that two things impress me about Mr. Betti's experience at Ford. The first is his role in helping to restore Ford Motor's reputation as a profitable producer of well built automobiles.

Turning around a huge organization like Ford takes ingenuity, drive, and a willingness to take risks. Mr. Betti will find that he needs all those virtues, and more, as he tries to get a handle on the Pentagon's acquisition process and soaring acquisition costs.

I think the second thing that impresses me about Mr. Betti's experience is that he helped achieve the turnaround by securing cooperation between management and labor. Managing a turnaround in the Department's procurement policies will call for cooperation among a wide variety of people and organizations. I am sure that Mr. Betti's background at Ford will give him a leg-up on this important mission.

Mr. Chairman, I believe Mr. Betti's management experience and expertise in technology will make him a fine Under Secretary of Defense for Acquisition.

I hope this committee will approve his nomination.

Again, I thank you for this opportunity to be here this afternoon.

Chairman **Nunn**. Thank you very much, Bill. We appreciate your being here, and we appreciate your leadership in national security and foreign policy affairs on the House side.

Senator Levin, being from Michigan, I would like to call on you for any remarks. Then we will turn to Mr. Betti, unless Senator Thurmond has something he would like to offer.

Senator **Levin**. Thank you, Mr. Chairman.

Let me join in welcoming John Betti and Congressman Broomfield, my good friend. We introduced another nominee yesterday. We are doing this almost daily, it seems, these days. Loret Ruppe, to be Ambassador to Norway, was introduced by the two of us yesterday.

John Betti is extraordinarily well qualified to be our Under Secretary for Acquisition. His experience at Ford is vast. It prepares him well for the tremendous challenge that he is undertaking at the Pentagon.

The division that he headed only sold about $13 billion worth of products last year. Their sales do not come anywhere close to what the Pentagon buys in a year's time, but $13 billion, to manage that much product, is a very, very good introduction to what he is going to be facing at the Pentagon.

As Congressman Broomfield mentioned, what he really brings is a unique capability to bring people together.

Although you will be the "czar," and we talked about that in my office, and you have the authority to make decisions on acquisitions, most of the time, at least, you are going to succeed because of your ability to bring people together on one team. It is the teamwork that you have inspired at Ford, your history of being able to work there, for instance, with the UAW, that I would note. Ford is the first company which was invited to Solidarity House, which is the UAW headquarters, and to their Black Lake recreation retreat for joint labor-management discussions, which led to some very important successes for domestic Ford Motor Co. operations.

So I want to join Bill in introducing to this committee John Betti. I look forward to his service in this very, very significant position.

Chairman NUNN. Thank you very much, Senator Levin.

Bill, thank you for coming.

Senator Thurmond, do you have any opening remarks?

Senator THURMOND. Mr. Chairman, I have had the opportunity to look at the records of Mr. Betti and Mr. Howard. I think they are both very outstanding men and I think we are fortunate to secure them to serve in these positions.

I congratulate the President on appointing them. It will be my pleasure to vote on their confirmation.

Chairman NUNN. Thank you, Senator Thurmond.

Mr. Betti, we are delighted to have you. We would be pleased to have any comments you may want to make before we begin to ask questions.

STATEMENT OF JOHN A. BETTI, TO BE UNDER SECRETARY OF DEFENSE FOR ACQUISITION

Mr. BETTI. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today as the President's nominee for Under Secretary of Defense for Acquisition. It is a great honor that the President nominated me and that the Senate is considering me for this important position.

I sincerely appreciate the very significant effort that was made by all of you in fitting me into your very, very tight schedules. I appreciate that very much.

I appreciated very much the opportunity to meet individually with many of the committee members before today's hearing. I have also provided answers to your written questions, as the chairman has said.

But since I have not had the pleasure of meeting each of you and since a few of our meetings were necessarily brief, I would like to take a moment now to tell you a little bit about myself and why I am here.

Since I was nominated for this position, people have asked me why I am interested in taking on this very difficult job of the USD(A).

First and foremost, I welcome the opportunity to serve my country in a meaningful manner. This country has been very good to me and my family.

I also honestly believe that the time is ripe to make a significant difference in an area that is important to our country. President Bush is committed to defense acquisition reform. It is one of his top priorities in the national security arena.

The senior officials of the Department, Secretary Dick Cheney, Deputy Secretary Don Atwood, Mike Stone, Larry Garrett, Don Rice, Bill Crowe, Bob Herres and Paul Wolfowitz, are committed to implementing the Packard Commission recommendations, the Goldwater-Nichols Act, and the Secretary of Defense's Management Report to the President.

Congress and industry are in agreement that change is necessary and have indicated a willingness to help in that process. Furthermore, from a professional standpoint, there are few management challenges in the world that can compare to this one.

I have also been asked why I believe I can help make a difference.

I have 37 years of experience in industry, primarily in engineering, manufacturing, and program and general management. I have spent approximately 20 of those years managing organizations that range from 1,000 to 125,000 people. And perhaps most importantly, I played a role in Ford Motor Company's cultural and performance turnaround, from a company deep in the red in the early 1980s, to the most profitable automotive company in the world in recent years, with a reputation for being a quality leader in the United States. If confirmed, I will bring that management experience to the Department of Defense.

It is also important to consider the question of what it would take to make a significant difference in the next few years.

I do not want to give the impression that I am a proponent of change for the sake of change. The defense acquisition process has been studied many times by many people over the years, and there seems to be little fundamental difference in the conclusions that they have reached. The basic recommendations have not varied significantly, but the translation of those recommendations into effective action has been disappointing.

There is no reason to believe that the current reform effort will be any more successful than those in the past unless, first, the key stakeholders—the White House, Congress, DOD and the defense industry—are convinced that a fundamental cultural change concerning the acquisition system, including the budget process, is required; second, that we all have a common vision of what success will look like; and third, that we are all committed to making it happen.

Now, given the widespread involvement of the DOD's top leaders in the recently completed Defense Management Review and the positive steps already taken, the prospects of success appear more likely than in the past.

I have also considered what success would look like in a few years.

First, let me say that change is a continuous process, and that the real results of our efforts may not be evident in major programs until more than a decade from now. But, having said that, I hope by the end of this term we will have an acquisition process that is more organized, more orderly, and more responsive to the needs of the Nation.

Consistent with the Packard Commission recommendations, the intent of the Goldwater-Nichols Act, the Defense Acquisition Improvement Act, and the Defense Management Report, I hope that we will see the entire defense acquisition community working together as a team under the USD(A)'s leadership; that we will have made real progress in providing the highest quality products and services to the men and women in the field, on time and on cost; and that together we will have improved relations among Congress, DOD, and the defense industry.

I anticipate four basic problems in helping to effect that change.

First of all is impatience. We all have a predilection for quick fixes. We need to see immediate results. But, as Secretary Cheney has said, there is no silver bullet for success. Reform will be a long, slow, and arduous process.

The second problem will be resistance. Defenders of the status quo are always threatened by the prospect of change, and it will take consistency, constancy of purpose, tenacity, and perseverance to bring about the needed reforms.

Third will be parochialism. Everyone who has a stake in the process, whether it is DOD, Congress, or industry, must be committed to optimizing the overall process, even when a specific solution may not be optimum from their particular viewpoint.

Fourth will be superficiality. We must differentiate between treating the symptoms and treating the root causes. Above all, we must be careful not to mistake activity for accomplishment.

In summary, the time is ripe for meaningful change to occur in an area critically important to our country's defense and its future success. We have the leadership and the team to effect meaningful change. And, while there are no magic solutions, I do not believe there are any real mysteries, either.

Cultural change is a long, slow, arduous process which requires consistency, tenacity, perseverance, and, most of all, patience.

Thank you very much.

I would be pleased to answer any questions the committee may have.

Chairman NUNN. Thank you very much, Mr. Betti, for an excellent statement.

You have, of course, had tremendous experience in business, managing a large company, restructuring a company, changing its culture, and solving many problems in turning it around.

What kind of crosswalk do you see between the commercial sector and the Department of Defense management responsibilities you will have?

Mr. BETTI. Senator, I believe that the fundamentals of management, at least in my experience so far, pertain to virtually all organizations. I believe that, first of all, it takes a set of objectives and goals that are clearly articulated and are understood by all of the people in the organization; that there are plans that will achieve those goals with specific steps, with schedules and people responsible to get there; and that there is the discipline to review and to make sure that those steps are being taken.

Second, I think it requires that the management environment be such that the people, understanding what the objectives are and having a plan, are allowed to participate to the fullest of their capabilities and to be creative in that process. I believe that those management principles will be as useful in the Department of Defense as they have been in private industry.

Chairman NUNN. Have you had a chance to talk to Secretary Cheney and Mr. Atwood about your line of authority, from you down, and what authority you have over the service Secretaries, what authority you have over the service Chiefs, and their relationship, that is, those above you, to this process?

Mr. BETTI. Yes, sir.

Chairman NUNN. In other words, do you think you have a clear understanding with the people above you as to your authority over those people below you in certain areas?

Mr. BETTI. Yes, sir. I have.

I have had a couple of meetings with Secretary Cheney on this very subject, and I have had even more meetings and detailed discussions with Deputy Secretary Atwood. They have made it very clear to me and to the service Secretaries that, in matters of acquisition, I have the complete authority for those matters, subject only to the Secretary and, where delegated, to the Deputy Secretary.

I have the right to direct the service Secretaries and any of the other elements of DOD in matters of acquisition.

Chairman NUNN. So there is no doubt in your mind what your authority is?

Mr. BETTI. Absolutely not.

Chairman NUNN. Do you plan to exercise it?

Mr. BETTI. Absolutely.

Chairman NUNN. Have you had a chance to read the statute that set your position up and do you have any questions about that statute?

Mr. BETTI. I have read it and I have no questions.

Chairman NUNN. Do you think it is clear?

Mr. BETTI. Yes, sir.

Chairman NUNN. You don't see any ambiguity in that?

Mr. BETTI. No, sir.

Chairman NUNN. You know that both Dr. Costello and particularly Mr. Godwin had a number of problems as your predecessors. Also, this was a new position that they were taking on. Both of them worked very hard at it. Dr. Costello was, I think, beginning to make some real progress.

Have you had a chance to talk to them about their experiences?

Mr. BETTI. Yes, sir.

Chairman NUNN. Did you learn anything from that? Did you come away from those conversations with any change of mind or any ideas about what you are going to do differently from what they did?

Mr. BETTI. Well, it is difficult.

Chairman NUNN. I am not asking you to critique them. I am just saying do you have any plans yourself as to things that will be done differently under you?

Mr. BETTI. Well, I think the first thing that is different does not have anything to do with me specifically. I think that in today's case, we have Secretary Cheney and Deputy Secretary Atwood both committed to implementing the Packard Commission's recommendations as well as the Goldwater-Nichols Act. It is not clear to me in talking to those individuals or from reading the record that they had the kind of support that I fully expect and am confident that I will receive from the Secretary and the Deputy Secretary.

Second, the type of change that was recommended by the Packard Commission and by the Goldwater-Nichols Act was so significant in terms of cultural change that I am not sure anyone could have succeeded as the first Under Secretary, including me.

Chairman NUNN. One of the things that is most frustrating to us is that part of the culture, in order to sell a weapon system to the Congress before it goes into production, as well as to sell it within the building and to OMB and to the President, is the higher the production numbers, the lower the per-unit cost projected.

Then, when you get into the process of trying to pay for it and you get into the 5-year plan, the production rate always comes way down. Therefore, the original projections never work out. And, therefore, you spend a whole lot of money, on weapon system after weapon system, gearing up for a huge production rate. The Government and the taxpayers pay the research and development. They also pay the tooling and all of that.

Do you have any ideas about that?

Just as one example, the Air Force argued that we would produce 144 F-15s a year. We have sufficient plant and capacity to produce that many, but we have never exceeded 72 aircraft. This year, we have only 36.

So we are basically building excess capacity in virtually every weapon system.

To me, that is where the largest waste is in the Department of Defense. Maybe I am wrong.

Is there a commercial rule of thumb as to how you handle this problem and how you avoid this problem? Is the Government unique in this respect? Is the Pentagon unique?

Mr. BETTI. Well, frankly, I am not familiar with any of the programs in detail. Certainly the concept is correct. There are efficient production lots that can be built. In industry, we try to estimate what the quantities will be and then we try to "capacitize" for that quantity, leaving some buffers on either side.

But, having said that, there are still lots of mistakes made, as can be seen by over-capacity in some industries and under-capacity in other industries, or even in companies within that industry.

What I interpret from the examples that have been presented to me is either a lack of adequate planning or constraints in the budgeting process that force or at least encourage decisions to be made that may not be in the best long-term interests of a program.

But, other than that, until I have had a chance to get into the specific details, I really could not comment.

Chairman NUNN. Of course, out in the private sector, usually the misprojections are when you build capacity beyond what you end up selling. In the Pentagon, the misprojections are that you don't have enough money to buy what you intended to buy, because the customer is there.

The whole incentive system, though, is to project larger numbers to get the weapon started, and to worry about the consequences later.

Mr. BETTI. I might say, Senator, that some of that same motivation or that same pressure is in industry also, for people who sell programs. Programs always seem to be more profitable if the volume is up.

Chairman NUNN. Yes. Right.

Senator Warner.

Senator WARNER. Mr. Betti, let me make just an observation, which I do in a friendly way, and partially in jest, but nonetheless very seriously.

There is an old military term which is not to be found in the textbooks. It's called "maggie's drawers." Did you ever hear of it?

Mr. BETTI. No, sir.

Senator WARNER. Well, some day, when you are down there visiting a Marine rifle range or an Army base, go on down there. One of those old drill sergeants will show it to you.

When you are down on that rifle range and you are firing and you miss a target, they run something up on a little flag and everybody knows that you have missed a target.

Well, you just missed it with me in one statement. Let me read it back to you.

You talked about your job and you said, "My job is to improve relations between the Congress, DOD, and industry."

If you do a good job, your relations with Congress are going to be all right. You come out of industry. You are one of them. We have to presume that those relationships are going to be good.

Now you put up on your wall the word "taxpayer." That is where you have to improve your relationships.

In the brief period of a decade or so that I have been here, I never witnessed anything that did more to undermine the average American's confidence in the Department of Defense than those stories which Dan Howard can tell you about. The stories I refer to are about the hammer, the coffee maker, and a few other "objects d'art."

So you have an impossible task. I have forgotten the total number of contracts that you either will sign or one of your designees will sign.

What is that figure per day, per month now? I have forgotten it.

Mr. HOWARD. It is 15,000 per day, sir.

Senator WARNER. Mr. Howard says it is 15,000 per day.

Well, do what you can to see that the guy down there paying taxes, who takes a great deal of pride in the men and women wearing uniforms today does not get just socked between the eyes with another story like that.

It is going to be a tough job. But as you focus on the big systems, take some time to just dart out every now and then and grab a handful of those small parts purchases. Take a look at them to make sure that you can walk in the office and say I did it for the taxpayers today and it's going to be all right. We got by another day.

That is just a friendly little observation.

Mr. BETTI. Yes, sir.

Senator WARNER. Second, having had a little experience on both sides of the river and watching with interest the steps that have been taken, I do not single out any one administration. But each tries the very best it can to eliminate the fraud, and the waste that is present and that always has been present in the military procurement system since the days of Roman legions.

I find, basically, the contractors that deal with the Pentagon are not crooks or gougers. There is the occasional individual, and indeed I think "Ill Wind" has blown a sobering breeze across the building.

But I find most of those people will deal with you honestly and fairly if that is what they must do to make a profit. But I do hope that you take a good, firm, but fair, hand with them and do what you can to improve those relationships.

Another phrase that you said when you opened up caught my ear. Your modesty is becoming. You said, "I was in charge of the most profitable auto company in the world."

Did you run that by Don Atwood before you came over? [Laughter.]

Mr. BETTI. I didn't really claim to be in charge of the company. But he did see my statement, though I'm not sure he reacted.

Senator WARNER. Well, I just got the tail end of it and I liked it.

Mr. BETTI. The facts speak for themselves, Senator.

Senator WARNER. Yes, that's true. Old "Engine" Charlie Wilson came to Washington to turn that building upside down. We have had a long history of successful industrialists as Government managers, such as Dave Packard. Have you had an opportunity to meet Dave Packard?

Mr. BETTI. I have not, sir. But I plan to talk to him.

Senator WARNER. That will be a very rewarding experience for you some day. He is a grand individual.

This team of Dick Cheney, who comes from a background in Congress, and Atwood and yourself in industry are like a previous administration over there that had a lot of success in a tough period.

Just in a friendly way, I bring out those little stories and wish you luck.

Mr. BETTI. Thank you, Senator.

Senator WARNER. I hope you succeed.

I think you have the right attitude when you said you talked to your two predecessors and maybe you would not have done as well as they if you had been the first. But that learning curve now has gotten down to the point where it has to work. And you are hitting the curb at the right time with the right attitude. Just remember the taxpayer.

Mr. BETTI. Yes, sir. Thank you.

Senator LEVIN [presiding]. Thank you, Senator Warner.

I think Senator Warner's point, by the way, is really a good one. We have to fight hard to restore credibility in this procurement process. Many of us have spent many years trying to correct some of the problems. It is an ongoing task which will never end.

I think Senator Warner is right in that as well. But we can leave it a lot better than we found it. Indeed, we must leave it better than we found it, or else the confidence of the public in this procurement process will erode so much that we are going to really weaken our security in the process.

It is a big order. I think Mr. Costello did a good job, by the way. I want to give him some credit. I think he did restore some of that credibility during his tenure.

I know you are going to make every effort to do the same.

Your testimony is good and clear testimony in terms of your power. I am glad of that. You are not going to have to be involved in a lot of specific acquisition decisions. But there will be occasions when you are going to have to. It is the fact that you have the power to do so which will make it unnecessary for you to do so often.

It is a little bit like the subpoena power around here. Sometimes we have to issue subpoenae, but not very often, because usually people come knowing that they can be subpoenaed. It is that power behind the invitation which does not require that it be exercised very often, but produces people here to testify when we want them to.

The same holds for your powers in the services. If they know you know what power you have, you are going to succeed, I think. You will step on some toes. But if you don't, something is wrong. There is just no way that you are going to do what you have to do without creating some sparks. It is the process. And we intended it that way. Dave Packard intended it that way. The statute intended it that way. We debated that issue around this table for hours and hours. As I told you, the statute I believe is clear. I am glad you think it is clear. Your power is there, as you put it, to direct—that's the word, "direct"—not to "coordinate," not to "suggest," not to "supervise," but to "direct"—acquisition matters, and all aspects thereof, not just policy, and specific acquisitions, if necessary.

You are not going to have much time for too many of those, by the way.

But I am glad to hear your testimony today. I think it shows a very important awareness of what is in that statute and what powers we intended to give to you.

I have just one area that I would like to go into with you in addition to that, and that is the question of commercial products.

You come out of an industry which has given you a whole lot of experience in this area. But the Pentagon tends to do a whole lot of designing of things which are already out there on the shelf, on the market. They start from scratch making applesauce and everything else.

You have read some of the stories about how you get 20 page specifications for horseradish, and all you have to do is go to the store and buy horseradish. It leads to a whole lot more expensive product, a lot of wasted time in the procurement process, and a lot of wasted money. That is the taxpayer money that Senator Warner was talking about when it goes to buying the products.

We have some additional language in our authorization bill again this year. It follows some of the hearings which we have had over in Governmental Affairs, where there is just a whole lot of paperwork which is required of people who produce commercial products, so-called off-the-shelf products that are already there.

Are you familiar with this issue in the Pentagon?

Mr. BETTI. I am familiar with the issue of using more commercial products, yes, sir, though not in detail. But I have been in a couple of discussions on that subject.

Senator LEVIN. Are you determined to make fuller use of commercial products?

Mr. BETTI. Absolutely.

Senator LEVIN. There is some language in this year's bill that you might take a look at, which is going to, hopefully, stimulate that process. The Secretary, I think recently, issued some regulations which will promote the use of off-the-shelf or commercial products. There is definitely a move there in the right direction as well.

Again, our congratulations to you. Your experience is going to be invaluable. And you sure left Ford in good shape. If you can just leave the Pentagon in as good shape as you left Ford, we are going to be all right.

Mr. BETTI. Thank you, Senator.

Senator LEVIN. Senator Lott.

Senator LOTT. Congratulations—and commiserations. You have a big job ahead of you. [Laughter.]

I have just two questions. The one I intended to ask second was the one that the Senator has just been referring to.

I am very much concerned, and have been for many years as a Member of the House and in working with military bases and looking at the different programs, at the very restrictive military specifications and the inability to apparently move toward this off-the-shelf commercial component use.

You have already been asked about it and have addressed it. But I want to further emphasize that I think there is a lot more we can do there. I think we can save tons of money and paperwork and overlap. I just hope that you will take a real early and aggressive look at this off-the-shelf usage.

Mr. BETTI. I will do so.

Senator LOTT. I have only one question.

You don't look like that old a fellow. [Laughter.]

Mr. BETTI. It's because of my good wife.

Senator LOTT. And you are making great money with a great company. Why do you want to do this?

Mr. BETTI. Well, as I mentioned in my opening statement, there are a couple of reasons.

The first is it is an opportunity to serve my country in a meaningful way. I think the time is right for significant change to happen and I believe I can help in that regard. It is, from a professional standpoint, probably the biggest management job around.

Senator LOTT. Okay. I guess you are sane. [Laughter.]

Good luck.

Mr. BETTI. Thank you.

Senator LOTT. Thank you, Mr. Chairman.

Senator LEVIN. Senator Warner.

Senator WARNER. Mr. Chairman, we ought to make a plan here. Could someone consult with the chairman? I would presume that as soon as we would conclude these questions, we would take our next nominee after the vote.

In the meantime, I would like to ask you, Mr. Betti, to think of another subject as you work through your responsibilities, and that is the environment.

You'd be surprised how many items you will pass judgment on that affect that environment, some of them adversely.

The Senator from Tennessee and I co-sponsored some amendments to the bill that was adopted yesterday by the Senate with respect to the environment and, most specifically, the subjects of fluorocarbons and other things.

You use a lot of that over in the Department of Defense.

Also, earlier in the bill I put on some amendments encouraging the Department to acquire more and more biodegradeable products in the packaging that they use.

Will you sort of put that down as another category to watch as you go through?

Mr. BETTI. I certainly will, Senator.

Senator WARNER. I would like to see the Department move out on that. The American public would then have another reason to have pride and respect in DOD, because of its progressive, really ground-breaking work in certain areas, to help improve the environment.

I fear that we have to make a vote now.

Senator LEVIN. I just want to add to that that in those products, you can include some alternative fueled vehicles. There are a whole lot of areas.

You are familiar with those, I know.

Mr. BETTI. Yes—slightly.

Chairman NUNN [presiding]. Did anyone else serve notice that they were coming over?

Mr. PUNARO. No, sir.

Senator WARNER. Mr. Chairman, does counsel want to put some questions regarding this financial matter? Would counsel speak to the record?

Chairman NUNN. I think that counsel has been through that very thoroughly, though there may be some more questions.

Senator WARNER. Could you just give an indication that you have examined the situation?

Mr. PUNARO. We are not able to do that at this time, Senator Warner.

Chairman NUNN. We are not quite there yet, Senator.

Mr. Betti, thank you for being here. We appreciate your being here. We are going to see what we can do to expedite matters.

Thank you.

Mr. Howard, we have a vote on. We will be back here in about 10 minutes.

Also, I would announce for the members of the committee that we have two nominations where we have already had hearings that we are ready to vote on. We were going to vote at 5 o'clock.

We will come back at 5 o'clock and try to get a quorum together then.

[Whereupon, at 4:50 p.m., the committee recessed and proceeded with other business.]

[Whereupon, at 5:59 p.m., the committee resumed in open session.]

HEARING RESUMED

Chairman NUNN. Let's open the doors again.

Senator WARNER. In public session, Mr. Chairman, I think you and I should reiterate the appreciation of the committee to the staff for their extraordinary work in this very brief period of time.

Chairman NUNN. I would concur in that.

We commend the staff, Andy and Pat, for doing an extraordinarily good job in a very tough set of circumstances in trying to get these nominations approved before we left town for our August recess.

We have had an executive session on Mr. Betti's financial condition. We have had all of that information made known to us, and they have given us a "clean bill of health" as to any possible conflicts of interest.

Senator Warner and I have read the FBI reports on both Mr. Betti and Mr. Howard. We find no information in the FBI report that would in any way impede their nominations moving forward through the Senate, nor do we find anything in the FBI reports on either that needs to be brought to the attention of the other members of the committee.

Senator Warner, do you have any other comments?

Senator WARNER. No, Mr. Chairman. I concur in your observations.

Chairman NUNN. All right.

We welcome you all back in.

We have just concluded an executive session and we are now back in public session.

In the executive session, Mr. Betti, we have gone over your financial information with counsel for majority and minority. They have told us of the number of steps that you have taken to make sure that you comply with all the Government ethics requirements. We find no fault with those.

We do have one situation which relates to the holding period that we know you are very conscious of. We will be watching that one and working with you on that one.

I don't know whether there will be any changes in the law relating to swaps of people at high levels going into government so that there is no huge penalty for tax consequences. We have advocated that for some time. I understand President Bush has that in his package.

But we will have to wait and see whether that becomes law.

Senator Warner, do you have any other comments?

We had just announced before you came in that we reviewed the FBI reports on Mr. Betti and Mr. Howard and we find no information in those reports that would impede their nominations, nor have we found any information in the reports that we believe should be or needs to be brought to the attention of our colleagues on the committee.

Senator WARNER. The facts before the committee do, however, indicate with regard to the nomination of Mr. Betti that he and his family had to subject themselves to some financial loss, possibly, in the event that he is confirmed by the Senate.

We take that as a manifestation of the sincerity with which you accept the President's nomination to serve our Nation, Mr. Betti. That is to be very commendable of you, your wife, and other members of your family who are impacted by this decision.

I know you are tired of my stories, but when I went up the Pentagon steps, there was an old Comptroller who had been there for about 15 years. He saw me run up the steps one day and he asked if I liked the job. I said yes. He said, "You've got a front row seat on the greatest show on earth." He is right.

Good luck.

Chairman NUNN. I have prepared statements from Senators Bingaman, Dixon and Thurmond that will be included in the record at this point.

[The prepared statements follow:]

PREPARED STATEMENT BY SENATOR JEFF BINGAMAN

Thank you, Mr. Chairman.

Mr. Betti, I am very pleased to see you here before us today. I have been quite concerned with the vacancy in this critical position in the Department of Defense, and have been urging Mr. Cheney and Mr. Atwood to do whatever they can to fill the position of Under Secretary of Defense for Acquisition promptly.

Mr. Betti, the Senate Armed Services Committee's Subcommittee which I chair, Defense Industry and Technology, has jurisdiction over some of the key areas you will be managing in the Department: technology base, industrial base, and acquisition policy and management. I have held a number of hearings on these subjects this spring, and have heard testimony from some of this nation's leading experts.

I am quite concerned about the future of the Nation's technology base and of its industrial base. The United States used to be the world's leader in technological advancements. Today, however, Japan holds significant leads in 6 of the 22 technologies identified as critical last year by the Departments of Defense and Energy in the Critical Technologies Plan they submitted at the request of this committee. Tech base programs continue to be underfunded. Included in the Strategic Defense Initiative (SDI) budget, for example, are technologies, like gallium arsenide, that are applicable to other systems. I am concerned that when the SDI budget gets cut, that these technologies also get cut, and our tech base programs suffer.

The defense industrial base was identified as being in a serious decline by the Center for Strategic and International Studies in their report entitled "Deterrence in Decay," which was sponsored last year by Senator John McCain and myself. This year we are requiring that the Department's Critical Technologies Plan be expanded to reflect the planned transition of these key technologies into appropriate manufacturing processes and products.

More needs to be done in identifying U.S. defense applications from technologies and products developed in the commercial sector here and abroad. One of the most critical activities that will need your attention is the exploitation of dual-use technologies, to transition their commercial development into a defense capability. It is also critical that the Department of Defense work closely with the Department of Commerce in ensuring that appropriate attention is paid to U.S. economic interests in the negotiation of defense exports of both products and research. We have included provisions in the Authorization Act this year to ensure that the health of the U.S. defense technology and industrial bases are protected during the negotiation of agreements with foreign entities. We are particularly concerned about the offset requirements our major allies impose on our firms.

The defense acquisition workforce is in peril, as top-notch personnel are leaving Federal Government for jobs in the private sector. Pay that has not kept pace with industry, confusion over revolving door rules, and general bureaucrat-bashing have led to this exodus, which many have termed the "quiet crisis." After a vigorous floor debate, the Senate passed provisions my subcommittee included in the Authorization bill to improve pay, recruitment and retention of civilian employees in the DOD. If we are to expect any of our acquisition reform initiatives to be successful, we must have good people in the Department to work these issues. I will, therefore, be seeking your support in this area when we debate these provisions with the House in September

Mr. Betti, there are some key issues that need your attention immediately once you are confirmed. The Packard Commission recommendations of commercial buying practices for commercial products have yet to be fully implemented. We have included a provision in our bill this year to require the Department to formulate approriate regulations.

The DAR Council procedures are too lengthy and cumbersome. In testimony this year the Deputy Department of Defense Inspector General, Derek Vander Schaaf, told the subcommittee that 21 of the 42 recommendations his organization had made to the DAR Council had yet to be acted upon, and that it takes 4 to 69 months for the DAR Council to issue rulings. In addition, industry complains that they are often not provided sufficient time to comment on regulations before interim rules are published.

I understand that you are an expert in and an advocate of Total Quality Management, Mr. Betti. I have included provisions in this year's bill to improve the quality of defense products, and I look forward to working with you on this important initiative.

Mr. Betti, I look forward to hearing your ideas on these subjects during our question and answer session today, and to continue a productive dialogue with you as Under Secretary of Defense for Acquisition.

Thank you, Mr. Chairman.

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today we will consider the nomination of John A. Betti to be Under Secretary of Defense for Acquisition. I welcome the opportunity to hear Mr. Betti's thoughts and comments on this very important position.

I have reviewed that background information on Mr. Betti, and have been impressed by his experience at Ford Motor Company. As vice president of Ford's diversified products operation, Mr. Betti has experience in managing large divisions, and also has extensive experience in the areas of manufacturing, engineering, and project management—skills that will be very valuable to the position of Under Secretary of Defense for Acquisition (USD(A)).

When I first introduced the legislation creating the office of the USD(A), I had one principal goal in mind—to create a senior level official in the Defense Department who would be the chief policy maker for defense acquisition, and who would have oversight authority for the Defense Department's weapon system purchases. As I have stated many times before, I have been disappointed in the implementation of this important position.

It is unquestioned that the USD(A) has complete control over the acquisition policy process. Yet, many maintain that the regulatory process within the Defense Department is out of control. Each of the military services want to do business their own way.

Mr. Chairman, I would like to insert in the record of today's hearing a reprint of an article from the April 1989 issue of Contract Management: "The FAR system Out of Control." The principal thesis of the article is that no one is policing the lower-level regulations issued by the military services or individual buying activities.

Within the Defense Department, the USD(A) and the service acquisition executives have the responsibility to police the system. Your predecessor started this process in the Defense Department in conjunction with the government-wide efforts being led by the Office of Federal Procurement Policy (OFPP). The new USD(A) and the new OFPP Administrator will need to continue this process cooperatively, through the federally mandated Federal Acquisition Regulatory Council. If we expect to take greater advantage of commercial products, we must offer the commercial product vendors a defense department that doesn't leave them feeling that they are selling to different governments. A hard look needs to be taken at the composition and operation of the Defense Acquisition Regulatory Council, and the virtually unfettered authority of individual buying activities to issue deviations from Defense department-wide policy and regulations, as well as the government-wide Federal Acquisition Regulation.

Mr. Chairman, with respect to the other major elements of the USD(A)'s authority—oversight of the acquisition of weapon systems—the nominee's responses to your questions offer me some encouragement. As envisioned, the USD(A) in Secretary Cheney's management term is to play the primary role in the approval process that determines whether an individual system is ready to move forward through the various milestones in the system's acquisition process. But these program-specific decisions are not isolated from the broader resource allocation processes being handled by the Senior Defense Planning and Resources Board, of which USD(A) is a member. His counsel in that forum, which will have to make difficult budgetary decisions, will have to carry substantial weight if the USD(A)'s role in "What the Defense Department Buys" is to be what the Congress expected.

Both Secretary of Defense Richard Cheney, and Deputy Secretary of Defense Donald Atwood, have indicated a willingness to cooperate with Congress. I sense the same from Mr. Betti. This committee appreciates Mr. Betti's timely response to our earlier questions, and I look forward to his response to the remaining questions of this committee. Thank you, Mr. Chairman.

Enclosure.

THE FAR SYSTEM IS OUT OF CONTROL

(By Chuck Cruit)

The Federal Acquisition Regulation (FAR) system is literally out of control. Control is an essential feature of any management system, particularly a regulatory system as complex and as important as the one that governs the procurement of $180 billion of goods and services each year by the federal government. Remember Management 101?

"The basic control process, wherever it is found and whatever it controls, involves three steps: (1) establishing standards, (2) measuring performance against these standards, and (3) correcting deviations from standards and plans." [1]

"A good managememt control system stimulates action by spotting the significant variations from the original plan and highlighting them for the people who can set things right." [2]

The FAR, which celebrates its fifth birthday on April 1, 1989, was designed as a single, uniform, simplified regulation governing the acquisition of supplies and services by all federal executive agencies. The FAR *system* consists of the FAR, agency procurement regulations implementing or supplementing the FAR at all organizational levels, a mechanism to maintain the FAR, and provision for private sector participation in the development of procurement regulations.

Three primary control mechanisms were designed into the system from the outset to maintain the integrity and uniformity of the FAR: Controls on regulatory proliferation, controls on unpublished regulations, and controls on nonstandard policies and clauses. Unfortunately, the controls are not being used effectively. As a result, the integrity of the FAR system has been badly damaged.

CONTROLS ON REGULATORY PROLIFERATION

The principle underlying the creation of the FAR system was the establishment of a single, governmentwide system of regulations to reduce the proliferation of overlapping or individual agency acquisition policies, regulations, and clauses. It promised a national system of uniform, governmentwide procurement rules, to be supplemented by the individual buying agencies only in very limited circumstances. FAR 1.302 states:

"Agency acquisition regulations shall be limited to—(a) Those necessary to implement FAR policies and procedures within the agency; and (b) Additional policies, procedures, solicitation provisions, or contract clauses that supplement the FAR to satisfy the specific needs of the agency."

Unfortunately, these implementation and supplementation controls are often ignored within the Department of Defense (DOD). The military services and their lower-tier commands and buying activities are freely circumventing the FAR system and designing their own unique policies, regulations, and clauses. The problem is part bureaucracy, part politics.

Bureaucracy

Lower-level regulations within the FAR system are supposed to be reviewed and approved at a higher level within departments and agencies. Significant regulations and clauses are supposed to be published for public review and comment. Regulatory coverage that could apply to other organizations within an agency, or other agencies, is supposed to be recommended for inclusion at the highest level appropriate; e.g. DOD FAR Supplement (DFARS) or even FAR.

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[1] See H. Koontz, C. O'Donnell, and H. Weihrich, *Management*, 7th ed. (New York: McGraw-Hill, 1980), p. 722.

[2] See W. D. Brinckloe and M.T. Coughlin, *Managing Organizations* (Encino, Calif.: Clencoe Press, 1977), p. 298.

All of this takes time—a lot of time. It is not unusual for a run-of-the-mill regulatory change developed within the procurement bureaucracy to take several years to be approved by an incredibly overworked and understaffed Defense Acquisition Regulatory (DAR) Council and Civilian Agency Acquisition Council (High priority regulatory changes, such as those mandated by Congress, are handled much faster. This contributes to the problem, as internally recommended changes or proposals from the General Accounting Office (GAO), industry, and academia are repeatedly pushed to the back burner.) This situation naturally frustrates government procurement personnel and often drives them to circumvent the system by way of "justification" that a new policy, regulation, or clause is merely either an implementation of higher-level policies and procedures or supplementary material necessary to satisfy the unique needs of their agency. Stretching things a little to make such a determination may seem a small price to pay for avoiding the delays imposed by the system and, thus, "getting the job done." But as this practice is repeated over and over again, the FAR system is rapidly breaking down.

Politics

The DOD has jealously guarded its prerogative to make its own procurement policy and write its own regulations and clauses. Its argument is based on the fact that the DOD has most of the procurement action in the federal government (69 percent of the actions and 79 percent of the dollars in fiscal year 1987). The creation of two parallel regulatory councils—the DAR Council and the Civilian Agency Acquisition Council (which further complicates the problem of providing timely uniform regulatory coverage)—and the repeated battles over the regulatory authority of the Office of Federal Procurement Policy (OFPP) are but two of the results of the interagency political turmoil.

Industry has been neutral—or at least divided—in the political debate over procurement regulatory authority. On the one hand, government contractors desperately want a rational, centralized procurement system. Multiple procurement policies and regulations are a serious problem for industry because contractual requirements that force a company to maintain differing practices for different contracting activities are expensive and inefficient. On the other hand, there is sympathy for the DOD argument that it is responsible for spending the money, so it should decide how it is spent. There is also a reluctance by contractors to enter a political debate on the opposite side of their biggest (and sometimes only) customer.

The truth of the matter seems that most of the contractor community would be satisfied if centralized control were exercised at the DOD level. Since most procurement is done by the DOD, most of the proliferation problems would be solved if the DOD—that is, the Office of the Secretary of Defense (OSD)—could get the military services, and they, in turn, their commands and buying activities, to follow the DFARS and refrain from writing their own policies and regulations. More on this later.

CONTROLS ON UNPUBLISHED REGULATIONS

The law requires that significant changes in procurement rules be publicized; the FAR contains very specific procedural guidance on this point. Revisions to both the FAR and the agency supplementing regulations are required to be published in the *Federal Register* when they have a significant effect beyond the internal operating procedures of the agency, or when they have a significant cost or administrative impact on contractors or offerors (FAR 1.303 and FAR 1.5). Despite this requirement, many new policies, regulations, and clauses are not published for comment in the *Federal Register*.

Publication in the *Federal Register* serves two purposes. First, it enables the contractors that may be subject to the rules to be aware of and understand them. Second, the views of the contractor community, and of government procurement personnel, can and should be considered in the formulation of regulations and clauses—with the aim of resulting in better policy and more workable regulations. Advance comments need not be solicited when "urgent and compelling circumstances" make solicitation of comments impracticable before the effective date of the coverage, such as when a new statute must be implemented in a relatively short time. Except for these rare urgent and compelling circumstances, changes having a significant effect beyond an agency's internal operating procedures must be published in advance for public review and comment.

Government contractors operate in a unique marketplace. Let's call it a regulated oligopolistic monopsony. There are only a few suppliers, their operations are highly regulated, and there is only one buyer—the U.S. government. An unusual arrangement, to be sure. But the most unusual aspect of the aerospace and defense market is that the customer is also the regulator.

The government's capacity to write procurement statutes, contract clauses, procurement regulations, and management procedures governing its suppliers makes it a fundamentally different kind of customer. In other regulated industries, such as public utilities, the regulator is a neutral third party charged with finding the middle ground between the interests of customers and suppliers. In the defense sector, the customer is the regulator, setting the terms and conditions of its own business relationship, usually to its own advantage.

Given that the customer makes the rules, the contractor is obviously in a difficult position under any circumstances. When the rules of the game are not even made known, however, the situation becomes impossible. Procurement policies and contract clauses are being promulgated by the military services, commands, and even individual buying activities. These new policies, regulations, and clauses are not exactly secret, but neither are they well publicized. Many are first unveiled during contract negotiations when a bidder's choice comes down to "take the clause or leave the business behind."

The situation is analagous to playing in a football game where the rules are changed during the game. Worse yet, the changes are initiated by the home team, and frequently not disclosed until the play is over and a flag has been thrown. It is not surprising that government contractors complain about the difficulty of complying with the rules.

CONTROLS ON NONSTANDARD POLICIES AND CLAUSES

The FAR at 1.401(a) defines a deviation as "the issuance or use of a policy, procedure, solicitation provision, contract clause, method, or practice of conducting acquisition actions of any kind at any stage of the acquisition process that is inconsistent with the FAR." The FAR spells out two kinds of deviations: "individual deviations," which affect only on contracting action, and "class deviations," which affect more than one contracting action. Within the DOD, the DAR Council is responsible for approving deviation requests. If it seems likely that a class deviation will be required on a permanent basis, the regulations require the organization initiating the deviation to propose an appropriate FAR or DFARS revision to cover the matter.

Unfortunately, in many cases the military departments and their lower-tier organizations are promulgating contract clauses and regulations that are inconsistent with the FAR and DFARS without regard for these deviation requirements. Individual deviations are not being reported to the DAR Council as required; approvals for class deviations are not sought in a timely manner, if at all; regulations and clauses that differ from the FAR or DFARS are not being proposed for incorporation at the highest practicable level.

WHAT HAS BEEN DONE ABOUT THESE PROBLEMS?

The problems of regulatory proliferation, unpublished regulations, and non-standard policies and clauses have been with us for some time. The architects of the FAR system recognized the potential problems that might arise in the procurement process, and built control mechanisms into the system to deal with them. These controls are effective only if agencies comply with them, however.

The DOD, OFPP, and industry all have made some efforts to exercise control. In 1983, then Deputy Secretary of Defense Paul Thayer wrote a memo to the secretaries of the military departments and the director of the Defense Logistics Agency directing rescission of policy direction not in conformation with the Defense Acquisition Regulation. He wrote:

"It has come to my attention that there is increased use of non-standard contract provisions in an effort to deal with problems arising in the conduct of our acquisitions . . . The integrity of the process must be maintained and not be jeopardized in the interest of expediency or for attainment of a near-term perceived benefit. The failure to comply with our long-standing and agreed-upon procedures for actions deviating from the Defense Acquisition Regulation has been flagrant both in frequency and in import . . . You are directed to rescind all policy direction to procurement personnel not in compliance with the DAR effective immediately."

Issuance of unauthorized policy and contractual provisions slowed for a time. Unfortunately, the services and their commands soon resumed issuing policies and provisions outside the system circumventing the FAR/DFARS, and ignoring the statutory requirement for public comment.

The OFPP has attempted to deal with these problems in a variety of ways. OFPP Policy Letter 85-1, "Federal Acquisitions Regulations System," published in August 1985, stated "DOD, GSA, and NASA shall be responsible for ensuring that agency implementing and supplementing regulations are reviewed for compliance with FAR system requirements."

More recently, former OFPP Administrator Robert Bedell called on all agencies to review existing procurement regulations "that purportedly implement or supplement the FAR." The March 9, 1988, memo said, in part:

"The purpose of the review is to assure that all these agency issued procurement-related regulations are (1) *essential* to implement Government-wide policies and procedures within the agency; (2) if the subject of the regulation is not covered in the FAR, then such regulation is *required* to satisfy the unique needs of the agency; and (3) such regulations meet other statutory requirements or limitations, e.g., the requirements of Chapter 35, Title 44, United States Code."

The results of this review are not yet available, but it should yield major reductions in supplementary regulations. Preliminary indications are, however, that the reviews concentrated on the service supplements rather than the lower-tier supplements, and focused more on eliminating duplication than on analyzing the legitimate need for unique regulatory coverage.

The OFPP also has established a Procurement Regulation Review Program to review and simplify new procurement regulations and to assure their uniformity and simplicity whenever possible. This program is also aimed at reducing the paper work burden imposed on the contractor community. All proposed procurement regulations submitted to the OMB Office of Information and Regulatory Affairs (OIRA) under Executive Order 12291 are provided to the OFPP for review, as are all procurement paper work cases submitted to the OIRA for clearance pursuant to the Paperwork Reduction Act. In addition, all proposed as well as final procurement regulations published in the *Federal Register* are reviewed by the OFPP.

Although this program provides visibility into those regulations that are proposed as part of the FAR system, it was not designed, and has not functioned, to address unpublished regulations or nonstandard policies and clauses being promulgated outside the system. Also as a practical matter (given the size of the OFPP staff and the scope of its mission) the program cannot deal with regulations and clauses generated below the DFARS level.

The OFPP recently attempted to exercise some control over unpublished regulations and clauses, due in part to the urging of the American Bar Association, the Aerospace Industries Association (AIA), and others. Subpart 1.5 of the FAR requires that all significant proposed procurement policies, regulations, procedures, and forms be published in the *Federal Register* and that a 30- to 60-day public comment period be provided. Coverage may be issued on a temporary basis when urgent and compelling circumstances make the solicitation of comments impracticable before the effective date of the coverage, but the action must be justified in the *Register* notice.

In a May 20, 1988, letter to agency heads, the OFPP acting administrator, Allan Burman, said the OFPP has identified "numerous" procurement regulations issued under the urgent and compelling circumstances exception to the statutory notice and comment period, or issued with effective dates before the date of publication in the *Register*. Burman called on the agencies to ensure that: (1) no procurement regulation is issued with an effective date that precedes publication, and (2) the waiver of notice and comment period is used only where urgent and compelling circumstances truly exist, with a statement in the attendant *Register* notice justifying the need for an immediate effective date.

Industry has attempted to help improve the operations of the FAR system by playing a kind of "watchdog" role. The AIA's Procurement Techniques Committee has been particularly active in identifying unauthorized clauses, regulations, and policies, and in bringing them to the attention of government procurement policy makers. In December 1987 the committee compiled a compendium of unauthorized clauses and policies and used it as an attachment to a letter dated December 17, 1988, from AIA President Don Fuqua to Under Secretary of Defense for Acquisition Robert Costello. Fuqua cited a breakdown in the system for controlling proliferation of unauthorized government procurement policy and contractual provisions, writing:

"We believe it imperative that order be restored to the acquisition process. Government and industry dealings must be based on known, uniform, and consistently applied procurement regulations and policies. Industry can adapt to regulations and policies that are planned for and mutually implemented. The introduction of new requirements that conflict with or duplicate FAR/DFARS requirements interrupts the orderly process, interferes with the controls that govern the relationship between government and industry, and adds significantly to the cost of performing government business."

The AIA requested Costello to take the following actions to deal with the problem:

(1) Reaffirm Deputy Secretary of Defense Thayer's memorandum of August 5, 1983, regarding nonstandard contract clauses;

(2) Provide OSD oversight by requiring the services and their lower organizational levels to obtain OSD approval before promulgating policy or special modified contract clauses/provisions; and

(3) Require each service to establish a single point of control to assure strict compliance with the provisions of DFARS 1.304(c) and 41 U.S.C. 418b.

In effect, what the AIA requested was merely compliance with the rules of the existing regulatory system and better use of the existing control mechanisms. Costello rejected the AIA recommendations. In his June 15, 1988, response to the AIA, he discussed the need for balance between uniformity and flexibility in the regulatory system, saying that the services have been reviewing their individual supplements to the FAR with the objective of eliminating any duplicative, unnecessary, or conflicting guidance that may exist (a reference to the OFPP-initiated review). Unfortunately, he did not address many of the problems hindering DOD implementation of the FAR system—including the proliferation of unauthorized regulations, policies, and clauses at the command any buying activity level, the failure to publish regulations for public comment, and the failure to obtain deviations for nonstandard policies and clauses.

Following its letter to Costello, the AIA joined forces with the National Security Industrial Association and the Electronic Industries Association, both of which had similar efforts underway to reduce nonstandard clauses and policies. A joint association task group was formed to monitor DOD compliance with the procedures governing promulgation of policies and regulations. This group functions as a de facto feedback loop in the FAR system. Its chief concerns include unauthorized nonstandard policies and regulations, failure to publish regulations and policies for public comment, and lower-tier policies and regulations that contradict or duplicate higher-level policies and regulations. The task group has begun periodic meetings with the OFPP, the DAR Council, and the military services' "regulatory control and compliance" offices to discuss industry concerns about the integrity of the FAR system and to address specific unauthorized clauses and policies identified by member companies.

The results of this effort have been mixed. The meetings have served to highlight industry's concerns and have improved communications between industry and government on this point. Some progress has been made in eliminating or correcting specific unauthorized/nonstandard policies and clauses. It is clear that DOD procurement policy makers share some of our concerns about the integrity of the FAR system. It is equally clear, however, that the many competing demands on their time do not allow them the luxury of policing lower-tier compliance with the procedural requirements of the FAR system on a case-by-case basis. It is also apparent that there is no effective internal or external system in place for enforcing the procedural requirements of the FAR and DFARS. Stated another way, there are no penalties for failure to comply with the FAR control requirements regarding deviations, publication, and proliferation.

WHAT MORE SHOULD BE DONE?

The serious problems eroding the FAR system cannot be solved on a case-by-case basis by OFPP officials, self-appointed industry watchdogs, or even top-level agency procurement personnel. The problems are systemic; the solutions must be systemic.

The next few months provide an unusual opportunity to fix the system. The Office of Federal Procurement Policy Act (Pub. L. 100-679), signed into law on November 17, 1988, alters the FAR system's management structure in several ways. It creates a new FAR Council, comprising the OFPP administrator and the heads of the DOD, National Aeronautics and Space Administration, and General Services Administration (or their designees). The statute requires the council to "manage, coordinate, control and monitor the maintenance of, and issuance of the changes in" the FAR. The law now specifically provides that procurement regulations supplementing the FAR must be limited to regulations essential to implementing governmentwide policies and procedures within the agency and additional procedures required to satisfy needs that are unique to the agency.

Also included in the reauthorization is a requirement that each of the three agency members of the council, subject to the authority, direction, and control of their respective agency head, must approve or disapprove all proposed or final agency-unique procurement regulations issued by their respective agency. This statutory requirement significantly strengthens the nonproliferation requirements currently in the regulations because it requires explicit approval of lower-tier procurement regulations.

In an attempt to put more teeth in the nonproliferation requirement, the law establishes a form of appeal procedure whereby the OFPP administrator, at the request of an interested party, will review a procurement regulation to determine whether it is inconsistent with the governmentwide FAR. The review must be completed within 60 days unless the administrator extends the period, and the administrator's decision must be in writing and made publicly available. If the OFPP determines that the regulation is inconsistent with the FAR, the administrator is to rescind or deny the promulgation of the regulation or take other action to correct the inconsistency.

The combination of these new statutory requirements, a new administration, with a new OFPP administrator and a new DOD Under Secretary for Acquisition in search of procurement initiatives, and the fifth anniversary of the FAR system provides a unique opportunity for constructive action. The FAR Council should mark the FAR's anniversary by taking the following actions:

(1) Revise FAR 1.3 to require each agency to assign an agency approval number to all supplementary clauses and regulations. The approval number should be assigned only after a thorough review ensuring that the coverage is essential to implement government-wide policies and procedures with the agency or to satisfy the unique needs of the issuing organization. The revised language at FAR 1.3 should state that supplemental clauses and regulations lacking a central agency approval number are null and void.

(2) Revise FAR 1.3 to provide that any regulation or clause that does not meet the public notice requirements of FAR 1.5 shall be null and void.

(3) Establish a one-year moratorium on new supplementary regulations below the level of the service supplements. During this period, each agency member of the FAR Council should direct a thorough review of existing lower-tier regulations to ensure their compliance with the requirements of FAR 1.3.

(4) Provide the additional staffing and office automation equipment necessary to carry out these additional review and approval responsibilities. In an era of tight budgets this may entail shifting, rather than adding resources, but the government can no longer attempt to regulate a $180 billion industry on the cheap.

Acceptance of these recommendations would send a dramatic signal that the new leadership is serious about restoring the integrity of the FAR system. These actions would implement both the letter and the spirit of the law by setting up an effective system for enforcing the procedural requirements of the FAR and establishing penalties for failure to comply with the controls on agency supplements and unpublished regulations. Without such an effort the FAR system will surely continue to deteriorate.

STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman: I join you in welcoming Mr. John Betti, the President's nominee as Under Secretary of Defense for Acquisition. I also want to congratulate the distinguished chairman for holding this hearing. I believe it is essential that Secretary Cheney have his key executives on board as soon as possible. This hearing is a significant step toward that goal.

Mr. Betti, I have reviewed your resume and believe your experience in the corporate world will add a new dimension to the Defense Department's acquisition process. If you are confirmed, I'm sure you will find yourself in a most challenging environment, and one for which I'm sure you are prepared.

Mr. Chairman, I read many accounts in the press about the administration's extensive search for a candidate to fill the Under Secretary of Acquisition position. I believe the fact that Mr. Betti has been nominated for the position speaks highly of his qualifications. More importantly, however, is his willingness to make the great financial sacrifice necessary to serve in Government. I salute him for making this sacrifice and wish him the best in his service to our Nation.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Mr. Betti.

Mr. **Betti**. Thank you.

Chairman **Nunn**. We look forward to working with you.

[Whereupon, at 6:01 p.m., the committee adjourned, to reconvene upon the call of the Chair.]

[Prepared questions submitted to John A. Betti by Senator Nunn prior to the hearing with answers supplied follow:]

Hon. Sam Nunn,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: Thank you for your letter of July 26 transmitting questions of interest to the committee in connection with my nomination to serve as Under Secretary of Defense for Acquisition. I am honored that the President and the Senate are considering me for that high office.

The questions you asked and my responses are set forth below. As I have only been recently nominated, these answers are based on my understanding of the issues to date. I look forward to appearing before the committee.

Enclosure.

Question 1. In addition to specific duties prescribed for you under 10 U.S.C. 133, has Secretary Cheney advised you of the responsibilities he will ask you to undertake pursuant to his general authority to prescribe the duties of the Under Secretary for Acquisition? If so, please describe those responsibilities.

Answer. Secretary Cheney, Deputy Secretary Atwood, and I have discussed the responsibilities I will have if confirmed to be the Under Secretary of Defense for Acquisition (USD(A)). The role of the USD(A) will be strengthened significantly to improve the efficiency and effectiveness of DOD acquisition. If confirmed, I will be the senior officer of the Department for acquisition matters and serve as the Defense Acquisition Executive for the Department's acquisition system. As the USD(A), my duties would specifically include establishing, and enforcing implementation of, policies and procedures to govern DOD acquisition, and supervising the DOD acquisition and program management system.

As USD(A), I would have the authority to direct the Secretaries of the Military Departments and heads of all other DOD Components with respect to matters within my responsibility. I would be authorized to direct the withholding of funds on occasions when it becomes necessary to ensure that DAB programs complete minimum required accomplishments and meet the criteria for exiting from a Milestone, or phase, of the DOD acquisition review process.

As USD(A), I would work directly with the assistant secretary-level Service Acquisition Executives (SAEs). I would recommend changes in programs and procedures directly to those SAEs, and, should it become necessary, I would issue direction to the Secretaries of the Military Departments to make required changes in programs and procedures.

As USD(A), I would also have responsibility for supervision of a number of senior officials of the Department, such as the Director, Defense Research and Engineering, the Assistant Secretary of Defense for Production and Logistics, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence for acquisition-related matters, and the Assistant to the Secretary of Defense for Atomic Energy.

Question 2(a). Will you have direct access to the Secretary of Defense on all issues or are there any issues on which you will be required to report to the Secretary through the Deputy Secretary?

Answer. If confirmed, I will have direct access to the Secretary of Defense on matters for which I am responsible, just as the other senior officials of the Department have such access for the matters for which they are responsible. As a practical matter, I will deal routinely with the Deputy Secretary, who handles most of the day-to-day management of the Department. I will serve as the principal advisor to both the Secretary and the Deputy Secretary on all acquisition matters and on other matters for which I am responsible, and I will serve on the Department's three major deliberative bodies—the Executive Committee chaired by the Secretary, the Defense Planning and Resources Board chaired by the Deputy Secretary, and the Defense Acquisition Board, which I would chair.

Question 2(b). What differences, if any, will there be between your role and the role of the Deputy Secretary of Defense in terms of areas of responsibility and authority to take action with respect to: (1) other elements of the Office of the Secretary of Defense; (2) the Defense Agencies; and (3) the Military Departments?

Answer. If confirmed as USD(A), I will have full authority to direct all DOD components, including the elements of the Office of the Secretary of Defense, the Defense Agencies, and the Military Departments, in all acquisition matters. I would use that authority to issue binding direction as necessary to ensure efficiency and effectiveness in the defense acquisition process, although I fully expect that most of what needs to be accomplished can be accomplished through consensus and cooperation. Secretary Cheney and Deputy Secretary Atwood have put together a strong management team dedicated to improvement of the defense acquisition process, and I am confident that the team will work well together. With respect to the Deputy Secretary, his authority extends across the Department to all subjects, based on a delegation of full powers from the Secretary.

Question 2(c). Will you be given authority to issue binding regulations and orders to the Defense Agencies and Military Departments without obtaining approval in advance from the Secretary or Deputy Secretary of Defense?

Answer. Yes. If confirmed, I will have full authority to issue binding regulations and orders to the Secretaries of the Military Departments and heads of all other DOD Components with respect to matters within my responsibility without obtaining approval in advance from the Secretary or Deputy Secretary.

Question 2(d)(1). If so, will you have authority to issue binding regulations and orders directly to the Service Acquisition Executives or will you be required to take such action through the Secretaries of the Military Departments?

Answer. If confirmed, I will work directly and closely with the Service Acquisition Executives on acquisition matters involving the Military Departments. If things should reach a point on a particular acquisition matter involving a Military Department that I must proceed to issue formal binding direction to resolve the matter appropriately, I would issue that direction to the Secretary of the Military Department concerned.

Question 2(d)(2). In what substantive areas will you have authority to issue binding regulations and orders, and in what areas will you serve only as an advisor to the Secretary of Defense?

Answer. If confirmed, I will have authority to direct the Secretaries of the Military Departments and the heads of all other elements of the Department of Defense with regard to matters for which I have responsibility. On other matters, I will serve as an advisor to the Secretary and Deputy Secretary of Defense. In addition to providing advice to the Secretary and the Deputy Secretary in regular, informal settings, I will serve on the DOD Executive Committee and the Defense Planning and Resources Board, two forums upon which the Secretary and the Deputy Secretary rely substantially for advice.

Question 2(d)(3). Will there be formal or informal appeal procedures whereby those who disagree with your decisions or recommendations can appeal directly to the Secretary or Deputy Secretary of Defense? If so, please specify the substantive areas in which such procedures would apply and indicate whether such appeals could be taken without an opportunity for you to present your own views?

Answer. The management styles of Secretary Cheney and Deputy Secretary Atwood do not call for a great deal of formality in handling issues with their immediate senior advisors. Consequently, no type of formal appeal mechanism is contemplated, nor are formal limits established on what subjects any of their senior advisors may bring to their attention. If others among their senior advisors disagree strongly with my decisions, I would expect them to take up the subject with the Secretary and Deputy Secretary, just as I would do if I thought they had made a serious mistake in their areas of responsibility. The Secretary and Deputy Secretary both have participatory styles of management, and thus I would expect to be included in their discusssions on any decision affecting my area of responsibility. The question's emphasis on appeals of decisions implies an adversarial relationship among the senior officials of the Department that I do not anticipate will develop.

Question 2(e). What will be your relationship to the Federal Acquisition Regulatory Council? Is this an area in which duties should be undertaken personally by you or should they be delegated.

Answer. If confirmed, I plan to examine the issue of DOD representation on the Federal Acquisition Regulatory (FAR) Council. I would like the opportunity to review the matter based on experience on the job, before I make a decision.

Question 3(a). What do you consider to be the most serious management problems in the Department of Defense today in terms of your priorities?

Answer. A lot of studies have been conducted over the years regarding the management problems of the Department of Defense. The biggest problem has been trying to implement the findings and recommendations of these efforts. From my perspective, the Defense Management Report lays out the changes that must be made to improve acquisition management and Defense management overall. Fully implementing the changes called for is one of the biggest and most serious management challenges confronting the Department.

Question 3(b). What management activities and timetables would you establish to address these problems?

Answer. The Defense Management Report establishes the framework and timetable for addressing the problems identified. If confirmed, I will vigorously pursue those in my area of responsibility. It clearly will take time to implement fully the significant cultural and relationship changes envisioned in DOD, industry, and Congress.

Question 4(a). The Defense Management Report emphasized program stability, (i.e., a stable environment of funding and management) as one of the characteristics which the Packard Commission identified as a necessity for a successful acquisition program. One of the problems that has been identified as a contributing factor to instability is the mismatch between decisions of the Defense Acquisition Board and the Defense Resources Board (to be redesignated the Defense Planning and Resources Board). What purposes are served by a system that permits—and tacitly encourages—reconsideration of DAB decisions by the DPRB?

Answer. The roles of the Defense Acquisition Board (DAB) and the Defense Planning and Resources Board (DPRB) differ.

The DAB, chaired by the USD(A), is the primary forum for Department of Defense components to facilitate the development of the decisions and recommendations of the USD(A) in managing the defense acquisition system. The DAB's activities are program-specific and focus on events in the life cycle of a program, and specifically on whether a program is ready to proceed to the next Milestone, or phase, of its life cycle.

The DPRB, chaired by the Deputy Secretary of Defense, is the primary forum to facilitate the development of decisions by the Secretary and Deputy Secretary on planning, programming, and budgeting system (PPBS) issues. The DPRB focuses on the fiscal year budget cycle and guides the entire defense program. The DPRB is designed to forge stronger links between national strategy and resource allocation.

Question 4(b). What steps would you take to ensure greater consistency and continuity between these two bodies?

Answer. If confirmed as Under Secretary of Defense for Acquisition, I would consider it important in my roles as DAB chairman and DPRB member to ensure that the activities of the two forums are complementary. I will serve as a key advisor to the Secretary and Deputy Secretary on resource decisions affecting acquisition program baselines, including the cost, schedule, and performance of all major systems.

Question 5(a). One of the principal features of the Goldwater-Nichols Department of Defense Reorganization Act was to improve the military advice provided to the President, the National Security Council and the Secretary of Defense. In furtherance of the objective, the Act designated the Chairman of the Joint Chiefs of Staff (JCS) as the principal military adviser; specified that the Chairman is to serve as the spokesman for the unified and specified combatant commanders, especially on their operational requirements; and created the new position of the JCS Vice Chairman. The Vice Chairman serves as the Vice Chairman of the Defense Acquisition Board and as the Chairman of the Joint Requirements Oversight Board. If confirmed, what importance would you attach to the operational requirements of the combatant commanders and what steps would you take to ensure that the acquisition objectives of the Department of Defense are consistent with those requirements?

Answer. The military, as represented by the Joint Requirements Oversight Council (JROC) and combatant commands, are the customers of the acquisition system. No system or process can be successful if it doesn't fully understand and satisfy the wants and needs of the customer.

Question 5(b). What plans, if any, do you have with respect to monitoring compliance by the Military Departments with the impact of the Goldwater-Nichols Act on the organization of acquisition functions within the military departments?

Answer. If I am confirmed as USD(A), I will, as the supervisor of the DOD acquisition system, be in a position to review the functioning of the acquisition systems in the Military Departments and to assist them in implementing the Goldwater-Nichols Act, the Packard Commission, and the recommendations and principles of the Defense Management Report.

Question 6(a). Which issues under the Defense Management Review will be assigned to the Under Secretary of Defense for Acquisition in terms of exercising primary responsibility for supervision of reports and other implementation actions?

Answer. The USD(A) has been assigned primary responsibility for supervising and implementing a significant portion of the action items and recommendations in the DMR.

These actions include, but are not limited to, redefining the acquisition milestone review process to ensure greater discipline in decision-making; initiating a zero-based review of acquisition-related regulations and program advocacy offices; developing specific plans for establishing the Defense Contract Management Agency; revitalizing the Defense Enterprise Program; improving DOD R&D management; and promoting policies that improve performance and productivity of the defense industrial base.

Question 6(b). The Defense Management Review acknowledges deficiencies in the Department's implementation of the Packard Commission's recommendations. What steps should be taken to ensure that similar problems do not occur with respect to implementation of the Management Review?

Answer. Several steps have been taken to ensure that the actions and recommendations of the DMR are fully implemented.

Responsibilities for major actions and recommendations have been assigned and suspense dates established.

The USD(A) has established a Task Force to develop specific implementation plans, monitor progress and provide bi-monthly status reports on the status of all actions. The Task Force is staffed with full-time civilian and military professionals from the acquisition field and reports directly to the USD(A).

The service Secretaries have also established similar organizations within their respective Departments to address the issues for which they have been assigned responsibility.

In my view, the key to success will be the commitment and dedication of top level leaders within the Department, the Congress, and other Government Agencies. From the conversations I have had with the DOD leadership, I know that this commitment exists.

Question 7(a). Although the Ill Wind investigation and prosecutions continue, there has been a great deal of information made public to date. What specific lessons have you drawn from such information in terms of managing the acquisition process?

Answer. Although I too have read the information made public to date, I am not thoroughly conversant on all aspects of the investigation. However, I am advised that several specific lessons can be drawn from the "Ill Wind" investigation and prosecutions.

We must evaluate proposals and make contract awards as soon as possible after receipt of proposals (this requirement was facilitated by the issuance of a regulation limiting the use of multiple best and final offers).

All concerned must have a clear understanding of DOD policy regarding the release of information on our procurements (the Department is currently developing a requisition that will provide specific guidelines on information which should and should not be released).

We must strive to improve Government-industry relations (DOD will not, however, tolerate illegal or unethical behavior on the part of anyone within the acquisition process).

It is critical for Defense management to establish and maintain an environment where official standards of conduct and ethics are well understood, broadly observed, and vigorously enforced.

Question 7(b). What specific steps should the Department take in terms of establishing a process for assessing and addressing the acquisition policy issues arising out of the scandal?

Answer. I am told that a special acquisition task force was established to examine existing laws, regulations, directives, etc. to determine their adequacy with respect to the investigation of the reported irregularities. I am advised that as a result, the Department has taken a number of actions.

For example, contractors who are named in the investigation are required to certify that they did not receive unauthorized information related to the acquisition.

A profit recapture clause is being used to protect the Department from contractors who might furnish a false certification.

Limitations on the use of multiple best and final offers have been established.

A special audit of consultant costs has been performed and the Federal Acquisition Regulation cost principle on consultant costs has been modified.

Additionally, the Defense Management Report provides for greater accountability in Government and industry; clear command channels; higher quality staffs; better systems development; and better communications which should further improve the process of assessing and addressing acquisition policy issues.

Question 8. In recent years public confidence in the quality of DOD procurements has been seriously eroded. Total quality management has been suggested as a means to improve the product quality and bolster confidence in DOD acquisitions. What are your views on total quality management and other potential solutions to this chronic problem?

Answer. The principles and concepts often called total quality management are a valid and effective means of improving DOD product quality, thereby bolstering public confidence in DOD acquisition. The essential elements of this approach are satisfying the customer, using quality as a driver in everything you do or produce, and accepting that continuous improvement must be a way of life.

If confirmed, I intend to propose and follow through on a number of focused initiatives that will apply these management principles to the various components of the DOD Acquisition System.

Question 9. What are your priorities in terms of acquisition workforce issues?

Answer. If confirmed, my number one priority in terms of the acquisition workforce, will be to address and implement fully the recommendations contained in the Defense Management Report. A number of the actions and recommendations in this report will require the assistance of the Congress and other Federal Agencies and Offices.

Question 10(a). How do you intend to organize the Office of the Under Secretary in terms of specific duties that will be assigned to the Deputy Under Secretary, the Assistant Secretaries, and other senior officials?

Answer. If confirmed, I plan to review the organization of the Office of the USD(A). Before proceeding with changes in the organization of the office, I would like to have an opportunity to gain experience with the current organization. Some early adjustments may be required to implement the Defense Management Report effectively.

Question 10(b). What duties will be assigned to the Defense Industrial Base Office?

Answer. As stated in answer to the previous question, I plan to review the organization of the office of the USD(A). I have reached no firm conclusions on what duties should be assigned to the Defense Industrial Base Office.

Question 11. Will the Director of Defense Research and Engineering have primary responsibility within the Department for technology base issues, or will there be issues under the control of either the Military Departments or the Strategic Defense Initiative Organization that will be outside his direct control?

Answer. I am advised that the Director of Defense Research and Engineering currently has primary responsibility for all technology base issues within the Department, except for those associated with the Strategic Defense Initiative Program.

Question 12. The Defense Department has entered into several agreements with industry to participate in consortiums dedicated to developing product or process technologies which are of mutual interest for the defense and commercial sectors. SEMATECH is perhaps the best known example of such a consortium. What is your view regarding Defense Department participation in these types of endeavors and, more broadly, what role should the Department take in leading or participating in the development of "dual-use" technologies?

Answer. There are compelling arguments on both sides regarding the issues of whether it is appropriate for DOD to single out specific technology areas for investment, and what role the Department should take in leading or participating in the development of "dual-use" technologies. I will study the issue in detail before drawing conclusions.

Question 13. The 1987 Defense Science Board Summer Study on Technology Base Management made a number of recommendations concerning improving the management of Defense Department Laboratories. What actions, if any, should be taken to address the issues raised by that study?

Answer. I am advised that the Department is currently in the process of implementing the Study's recommendations on management of the Department's laboratories. I plan to review this matter and ensure that the Department improves the management of its laboratories.

Question 14. What steps will you take to ensure that the Department takes a consistent long-range approach to the impact of contract financing policies upon the health of the defense industrial and technology base?

Answer. There are a variety of options available with regard to this issue. If confirmed, I will spend a considerable amount of time soliciting the views of key individuals and organizations throughout government and industry. I believe such input is critical to establishing a viable, consistent long-range approach in this area.

I appreciate very much the opportunity to inform the committee of my views on these matters in advance of the hearing on my nomination.

Sincerely,

JOHN A. BETTI.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

Senator THURMOND. Mr. Betti, yesterday the Senate approved the Armed Services Committee Authorization Bill. In the bill are several significant personnel management demonstration programs. Some of these include special pay for a limited number of scientists and engineers in critical positions and that the DOD issue rules clarifying the impact of various post-employment restriction on DOD personnel.

Are you familiar with these provisions and what in your opinion will be the impact of these provisions on the current DOD workforce?

Mr. BETTI. I am aware of the proposed provisions for special pay for a limited number of scientists and engineers in critical positions. While this may be helpful, it does not address the recruitment and retention difficulties we face on a much broader front because of imbalance between private-sector and civil-service pay scales for scientists and engineers.

Post-employment restrictions also constitute impediments to the recruitment and retention of DOD personnel. While the issuance by DOD of clarifying rules can render the pertinent statute more readily understandable, the issuance of clarifying rules cannot mitigate the effect of statutory post-employment restrictions on recruitment and retention of highly qualified personnel.

Senator THURMOND. Mr. Betti, there are some thoughts that a centralized procurement agency, staffed by civilian personnel, would significantly improve the acquisition process. What is you opinion of this concept?

Mr. BETTI. During the conduct of the Defense Management Review, the Department examined a variety of organizational options, including the establishment of a civilian staffed procurement agency. We remain convinced, however, that it is imperative that the military departments be vested with the authority they need to execute their programs within the policies and procedures established by the Under Secretary of Defense (Acquisition) (USD(A)).

Establishing a single civilian agency would separate the management of acquisition programs from the customers of the products and systems they provide; preclude adequate consideration of the professional military perspective on such matters as combat tactics and operations from the acquisition decisionmaking process; and, remove from the military departments the authority they need to execute properly the programs for which they are responsible. It could result in procurement actions being taken without the expertise of military professionals and senior civilian officials being brought to bear on requirements determination and capabilities required to overcome specific operational problems and threat environments.

The military departments also must ensure that the field units integrating new weapons have the appropriate levels of manpower, skill mix, training, maintenance support and sustainment needed to use the new weapon systems effectively. Unless we allow the military departments to balance resource requirements for procurement with requirements for manning, training, fielding and sustaining the equipment, we could wind up with systems delivered on time and within budget, but without adequately training personnel to use or maintain the systems effectively. Military departments are clearly the organizations best equipped to make these types of decisions.

[The nomination reference of John A. Betti follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
July 18, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

John A. Betti, of Michigan, to be Under Secretary of Defense for Acquisition, vice Robert B. Costello, resigned.

[The biographical sketch of John A. Betti, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of John A. Betti

John A. Betti is executive vice president—Diversified Products Operations (DPO) of Ford Motor Company.

Mr. Betti, who assumed leadership of DPO in January 1988, is responsible for operations at 10 Ford automotive and non-automotive businesses. DPO had sales of $13.2 billion in 1988, which would place it number 27 on the Fortune 500 list. The automotive products of DPO include electronic and electrical components, climate control systems, castings, plastic components and glass. Four subsidiaries compose the non-automotive group: Ford Aerospace, Ford Motor Land Development, Ford New Holland (farm and industrial machinery), and Rouge Steel.

Prior to his current assignment, Mr. Betti was executive vice president—Technical Affairs and Operating Staffs (TAOS). He received that appointment in October 1984, and in February 1985 was elected to the Board of Directors, where he serves on the Finance and Executive Committees. During his tenure at TAOS, Mr. Betti headed the team that brought a comprehensive global dimension to the company's technology strategy and the process for transferring technology from research activities to line organizations. He also oversaw the formation of Alpha, Ford's most important advanced project for developing new products and processes.

Mr. Betti began his automotive career in 1952 and spent his first 32 years in operating groups devoted to vehicle and component engineering and manufacturing. He capped this phase of his career in 1979-84 as a senior member of the management team that led Ford North American Automotive Operations (NAAO) from severe financial and market share losses to a period of quality leadership, extraordinary product acceptance and solid earnings.

He was named vice president—Powertrain and Chassis Operations for NAAO in January 1979 after launching several successful vehicles during a 30-month tour in charge of product development at Ford of Europe. Soon after his return to the United States, Energy Shock II occurred, the American economy went into recession and the auto industry fell into depression. Ford was particularly hard hit by quality, reliability and safety reputational issues.

Ford management concluded that nothing less than a top-to-bottom cultural change was needed to meet the challenge. Dr. W. Edwards Deming, often cited as the architect of Japanese quality excellence, became a consultant to Ford and developed a particularly close working relationship with Mr. Betti and his organization (Mr. Betti's observations on the contrast between American and Japanese quality concepts are quoted by Dr. Deming in his authoritative book, "Out of the Crisis".

Among the first actions taken by Mr. Betti's team was to establish Employee Involvement groups for plant-floor workers and to enroll them in classroom training in statistical process control, a math-based discipline that was traditionally reserved for quality professionals. The United Auto Workers—both union leadership and rank-and-file membership—responded enthusiastically to the new Ford initiatives, and Mr. Betti's management team became the first at Ford to be invited by the UAW to participate in joint sessions at Solidarity House and the Black Lake Conference Center.

Important gains in quality and productivity were made throughout Powertrain and Chassis Operations, but none was more dramatic than at the Livonia (Mich.) Automatic Transmission Plant, which in 1981 won a competitive bid against a Japanese company to manufacture a new Ford front-wheel-drive automatic transaxle for the Taurus and Sable cars. This accomplishment, which was made possible by unprecendented union-management cooperation at the plant, generated widespread news and was the subject of a special feature in Reader's Digest magazine.

The turnaround at Ford and Mr. Betti's role in changing the corporate culture prompted a number of companies and institutions to invite him to speak on the Ford experience. One of the speeches that attracted considerable attention was Mr. Betti's November 1988 address on Total Quality Management to the Air Force Systems Command at Andrews Air Force Base near Washington, D.C. He emphasized with these words that the quest for quality has no end:

"Following our survival of the crisis of the early 1980s, it was very clear to a great many people at all levels of our organization that we could not afford to get complacent ever again. We have to assume there is someone out there who will be trying very hard to do the same basic things we are doing—and trying to do them even better."

Mr. Betti received a B.S. in mechanical engineering from Illinois Institute of Technology in 1952 and joined Chrysler Corporation that same year as a project engineer. He had risen to the rank of assistant chief engineer and had earned an M.S. in automotive engineering from Chrysler Institute of Engineering when he joined Ford in 1962. Thirteen years later, after serving in a variety of engineering management positions, he was elected a corporate vice president and general manager of Ford Truck Operations.

Born January 6, 1931, in Ottawa, Ill., Mr. Betti has had a lifelong interest in education, particularly in engineering and science. He taught mechanical engineering at Lawrence Institute of Technology and Wayne State University while a young engineer at Chrysler. Today he is chairman of the Board of Trustees of GMI Engineering and Management Institute, a member of the National Academy of Engineering, a director of the National Action Council for Minorities in Engineering and a member of the National Advisory Committee of the University of Michigan Engineering School. He was chairman of the 1987 International Congress of the Society of Automotive Engineers and in 1989 made the keynote address, which dealt with the crisis in American education.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by John A. Betti in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
John Anso Betti.

2. **Position to which nominated:**
Under Secretary of Defense for Acquisition.

3. **Date of nomination:**

July 18, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

January 6, 1931, Ottawa, IL.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married, Joan Marie Doyle.

7. **Names and ages of children:**

Joan Marie Betti, 27.
Denise Marie Betti, 33.
Diane Marie Betti, 35.
Donna Marie Betti, deceased.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Ottawa Township High School, 9/44-6/48, Diploma.
Illinois Institute of Technology, 9/48-6/52, BSME Mechanical Engineering.
Chrysler Institute of Engineering, 9/52-6/54, MAE Automotive Engineering.
University of Detroit, 6/61-1/63, No degree. Took several MBA courses.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Executive Vice President, Diversified Products Operations, Ford Motor Company, The American Road, Dearborn, Michigan 48121. 1/88 to present.

Executive Vice President, Technical Affairs and Operating Staffs, Ford Motor Company, The American Road, Dearborn, Mi 48121, 10/84-1/88.

Vice President, Manufacturing and Business Development Operations, Ford Motor Company, The American Road, Dearborn, Mi 48121, 9/83-10/84.

Vice President, Powertrain and Chassis Operations, Ford Motor Company, The American Road, Dearborn, Mi 48121, 1/79-9/83.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

[Contained in committee files.]

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

[Contained in committee files.]

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Victory '88 (National Republican Campaign Fund), $5,000.00, Sept. 1988.
Dole for President, $1,000.00, Oct. 1987.
Gephardt, $1,000.00, Oct. 1987.
Ford Action Fund, $350.00, April 1987.
Dole for Senate, $1,000.00, June 1986.
Ford PAC, $700.00, July 1985.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

John Morse Memorial Scholarship.
National Academy of Engineering.
Tau Beta Pi; Pi Tau Sigma; Beta Omega Nu.

Who's Who in American Colleges & Universities.
Who's Who in Finance and Industry.
Who's Who in America.
Alumni Professional Achievement Award from Illinois Institute of Technology.
Registered Professional Engineer.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Contained in committee files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Industrial background and management experience.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have been in key management positions during the turnaround of the Ford Motor Company through a significant change in its approach and style of management during the decade of the 1980's. The general approach of managing an enterprise by using quality, concern for the customer, and involvement of its principal stockholders as partners, i.e., employees, customers and dealers has proven to be a powerful concept for improving products, reducing costs, improving quality and satisfying the customer. This background and experience is expected to be of significant benefit in the position for which I am being considered.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: John A. Betti.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is you spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part E—Foreign Affiliations

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish detail.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

Part F—Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require the copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JOHN A. BETTI.

This 14th day of July, 1989.

[The nomination of John A. Betti was reported to the Senate by Senator Sam Nunn on August 3, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 4, 1989.]

NOMINATION OF J. DANIEL HOWARD, TO BE UNDER SECRETARY OF THE NAVY

THURSDAY, AUGUST 3, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to recess, at 5:05 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Wirth, Warner, Wallop, Gorton, Lott, and Coats.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk.

Professional staff members present: Norman G. Mosher and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director; George W. Lauffer, Durwood W. Ringo, Jr., and Mark B. Robinson, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Terrence M. Lynch, assistant to Senator Shelby; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. Mr. Howard, we are glad to have you here today. This is not your first time before the committee, and I know you have had tremendous experience over in the Department of Defense. You know the job that you are getting into extremely well.

Do you have any thoughts that you would like to share with us as we get started here?

[Senator Nunn had introduced and welcomed Mr. Howard and his wife following the introduction of Mr. John Betti, page 486.]

STATEMENT OF J. DANIEL HOWARD, TO BE UNDER SECRETARY OF THE NAVY

Mr. HOWARD. Senator, I don't have an opening statement. But, of course, I certainly want to thank the President, Secretary Cheney and Secretary Garrett for the confidence they have shown in me in putting forward my nomination.

I want to thank the committee. I know that you gentlemen worked until past 3 in the morning last night and have had a very busy day today. I thank you for making the time for me.

I think my first oath of office was over 25 years ago, as a young private in the Marine Corps. Since that time, I have had a very special relationship with the Navy and the Marine Corps. Although I wore a green suit, most of my service to my country in uniform was served on a Navy installation, working side by side with sailors.

So I learned what "jointness" was all about very early in my life.

During the 20 years of Government service that I have had, I had very frequent and close contact with the military. I have been out on the firing line at our embassies overseas. I understand the importance of a credible military force, not only to our national security but to the security of our friends and allies throughout the world.

That is it, I guess.

I am ready to take any questions that you have.

Chairman NUNN. Good. Thank you very much.

What duties do you expect Secretary Garrett will prescribe for you?

How do you think he will divide the responsibilities?

Mr. HOWARD. I have had two conversations with Secretary Garrett on the subject. It is something that we still have to define. Much of the process is in definition.

As you know, Secretary Garrett, as Under Secretary, had the responsibility as the Service Acquisition Executive for the Department of the Navy. Under the reorganization taking place under NSR-11, the Defense Management Review, we will have an Assistant Secretary who will serve as the Navy Service Acquisition Executive. I will not have those responsibilities.

I will have the oversight function for intelligence activities. The Auditor and the IG will report directly to me.

Beyond that, Secretary Garrett has explained that he expects me to be his complete alter ego. He wants me to be in on every program so that I can mind the store, so that both of us will be able to go into the field and exercise that responsibility in communicating with the sailors in the fleet, with the marines in the field.

Finally, he has identified a few areas where he wants me to pay special attention. One of them is in the quality of our process, in the total quality management sphere. Another one is with him in the area of personnel.

I think both of us understand that our secret weapon is the quality of our people.

I have been associated with the military long enough to have seen it go through all sorts of changes. I think that today we have the best quality military naval forces that we have had in my lifetime, and that the most important element in that is the quality of the people.

Chairman NUNN. There have been reports that the uniformed Navy is somewhat resistant to Secretary Garrett's desire to place all acquisition and research and development policymakers within the Navy Secretariat, rather than under the Chief of Naval Operations.

Do you have familiarity with that or any views on that?

Mr. **Howard**. I have had a conversation recounted to me in which Secretary Garrett was explaining how we would implement the Defense Management Review, and that a gentleman in uniform did raise his hand and say "but, but," and Secretary Garrett said, "Admiral, the 'buts' have already been said. This is the decision, this is the policy. Now we are talking about implementations."

I think that Secretary Garrett understands and I understand that we have to streamline the process, we have to make it work better. We have spent a great deal of time and energy in identifying a process by which we can streamline the operation. We are now in the implementation phase.

As you may know, Senator, we have I believe seven—perhaps it is nine—working groups working on that process at this very moment.

Chairman **Nunn**. How do you view the impact of the Goldwater-Nichols bill on the military departments?

Mr. **Howard**. Senator, I said at the beginning that I came to understand jointness at an early day. Some of those in our military services are just now coming to understand the value of it.

One of the disappointments to me at the Pentagon was that otherwise brilliant, capable, dedicated, hard-working people could be blinded to the value of working together by the culture in which they had grown up, by literally hundreds of years of cultural barriers they had built around themselves.

I think I have always innately understood the value of working together, of drawing on the resources and capabilities of each of the services. But I have direct experience.

I visited the Persian Gulf a number of times. I saw the value of that working together on April 18, 1988, when we sank half the Iranian navy, an Iranian navy that was equipped with some of our best weapons that they had acquired prior to the Iranian Revolution, some of which they fired in our direction. Those were Harpoons and Standard missiles that they were firing in our direction.

We had Army helicopter pilots out on the platforms because they were the best trained and equipped to do the specific job that they were doing.

We had Air Force pilots flying those AWACS orbits over the gulf and providing the information to our fleets.

We had marines in the amphibious forces out there. We had marines on the platforms and the Stinger details.

We had the Navy—and we had the Navy in a big way.

It worked. It worked well, and that is the way it is supposed to work. I think that is what jointness is all about. That is what Goldwater-Nichols is all about.

Chairman **Nunn**. Thank you very much, Mr. Howard.

Senator Warner, it looks to me—and I will defer to you next for questions—it looks to me as if we are not going to get a quorum.

If we do not get a quorum, what I would suggest is that we announce now that if we have not already voted on those two that we have already had hearings on, that we will meet in the Vice President's office immediately after or during the last part of the next vote. I don't know when that will be, but I do think we will have another vote this evening, from what I know.

Senator WARNER. That is correct, Mr. Chairman. I agree. That is the best way to do it.

Chairman NUNN. We'll see if we can get a quorum, but if we can't, that is an alternative.

Now we need to have a few minutes of executive session on some of the financial matters relating to our first nominee today. I am going to have to leave for 10 minutes. There is something that I have to do.

I will be back here in about 10 or 15 minutes, and we will have an executive session on that financial matter when I get back.

Thank you, Mr. Howard.

Senator WARNER. Mr. Howard, as I said to you last night, I have a great deal of envy for you and your wife, as you take on this position. I am glad to see that someone in your profession has survived coming up through the ranks in the Department of Defense. Most of them have had fairly short tenure. That speaks well of your qualifications.

You know, I try not to be too parochial for the Navy, and I say that most sincerely. But as I think about the next 10 years, I see precarious situations in the Philippines, South Korea, and indeed even Japan—and you might have an opportunity to look at the burdensharing amendments which the chairman and I have suggested, together with other members of this committee. The concept of forward deployment, upon which this Nation has relied so heavily in the period since World War II, is being challenged.

We don't know the extent to which we can forward deploy military forces in certain regions of the world, or whether that quantum of forward deployment is sufficient to meet our requirements for contingencies as we perceive them. The threat, in my judgment, requires the President and the Congress to focus more on the mobility of our forces, and deployment from the continental United States or possibly Hawaii or other areas not as close as we would like to the perimeter of the threat.

I just wondered what your views are on this concept of forward deployment and how it has worked through these years and what it is likely to be in the next 10 years; and do you think we should begin to put more emphasis on mobility and on the ability to rapidly transit our forces over the sealanes of the world? And does that require a bigger role for the Navy in the next decade?

Mr. HOWARD. Senator, with regard to the policy of forward deployment, I feel very strongly that it is the keystone of our entire defense structure.

Recently, within the past year, I believe that we passed the point where we have had the longest period of peace on the European Continent in modern history. This peace did not come about by accident.

Forward deployment of our forces had a great deal to do with the maintenance of that peace.

When people question that policy of forward deployment and whether we can afford it or not, I hope that they are, at the same time, looking at the cost of the alternatives.

In virtually every situation where we have troops forward deployed, the host nation shares a part of the cost for that responsibility. The level of host nation support varies from one situation to another. For example, in Japan, I believe that the Japanese Government provides something like $45,000 a year in host nation support for every serviceman and woman that we have stationed in that country.

If we are going to bring those troops home, as some call for, then we have to deal with two problems. One is the cost of maintaining those troops wherever we place them. If we bring them back to the United States, obviously the host nation support goes away. So, presumably, we have to assume that additional cost. And we also have to assume the burden of getting them back to the front again should they be needed.

As you know, and as every member of this committee knows, one of the problems that we face is the problem of amphibious lift, of the ability to get those people back and to get their equipment back again.

We have answered that problem in part by the process of putting the supplies in place ahead of time, prepositioning. But that can only answer part of the problem.

I think that it is one that is not going to go away, that the economic pressures will be constant, and that the Navy and the Marine Corps are likely to face an increasing role in this situation.

Senator **Warner**. I share that view, and not simply because of maybe some bias and parochial interest. I just think that, really, attention has to be placed on that in years to come.

I am quite interested, as are other members of the committee, in how you and the Secretary have decided to allocate primary responsibilities to you. Also, do you still have full authority, in his absence, as Acting Secretary?

Mr. **Howard**. Mr. Garrett told me today that he was looking forward to my hearing this afternoon, that he was very hopeful that you gentlemen would see fit to vote me out of committee, and that I would be confirmed by the full Senate because, if so, I was going to be Acting Secretary of the Navy starting next week.

I think that answers your question.

So, yes, sir. I believe that is exactly what Mr. Garrett has in mind for me.

Senator **Warner**. I remember and will tell you of a little anecdote.

When John Chafee and I sat down to kind of work out our arrangements, he said to me, "Now, in my absence, you will be the Acting Secretary with full responsibilities." But then he said, "But call me up before you do anything." [Laughter.]

So I said, "All right, Mr. Secretary."

That reminds me of the Biblical phrase, "The Lord giveth and the Lord taketh away."

Mr. **Howard**. That's right.

Senator **Warner**. I think that is the best way to work it out.

I don't mean to monopolize this hearing, though I am rather enjoying it.

Go ahead, Trent.

Senator **Lott**. I don't really have any questions.

Mr. Howard, I just want to congratulate you and say that I look forward to working with you.

Now you were born in Tennessee.

Mr. Howard. Yes, sir.

Senator LOTT. Have you lived in Tennessee in recent years?

Mr. HOWARD. Well, I have been a career Foreign Service Officer for the better part of 20 years now. So I have lived all over the world.

My parents still live in Chattanooga, TN, as does my brother.

Senator LOTT. Do you go home often?

Mr. HOWARD. I go home whenever I can. In the past 2 or 3 years, sir, it has been a little difficult.

Senator LOTT. Now you have been with the career Foreign Service for 20 years, you say?

Mr. HOWARD. Yes, sir.

Senator LOTT. That is the reason why I think it is important that you have gone home to Tennessee a good bit. [Laughter.]

Mr. HOWARD. Well, they certainly do bring you back to earth very quickly.

Senator LOTT. Okay. Just remember those roots back there and you will be okay.

Mr. HOWARD. Yes, sir.

Senator LOTT. Do you know where Pascagoula, MS is?

Mr. HOWARD. Yes, sir. Sure do.

Senator LOTT. Good.

Thank you very much, Mr. Chairman. [Laughter.]

Senator WARNER. You have overwhelmed me with that one, Trent.

The long arm of John Stennis reaches back into the halls of this committee.

As long as we are taking a few minutes to be lighthearted about things, I remember learning from experiences of officers, line officers, who suddenly found themselves thrust into positions where, without the benefit of a moment's reflection, they were confronted by the media.

I saw just some basic mistakes made.

Now, drawing on you own profession, do you think it would be helpful to try to give just a little basic training to people who are put into positions where suddenly they have to deal with the media, and some suggestions as to how to go about it?

I remember one time having a vehement fight with Admiral Rickover. I was of the opinion that the Naval Academy ought to at least put in a quarter of one hour of training in relationships with the media and so forth. He said no, it was a waste of time, that engineering was the only thing that matters, and that it would encroach on his engineering.

As usual, he won and I lost.

What do you think about providing a few suggestions to officers from time to time, helpful hints on how to deal with the media when they are suddenly thrown into that situation?

Mr. HOWARD. Senator, you may not be aware of this, but once, years ago, in Vietnam, a group of public affairs officers in this same lighthearted spirit got together. They made a bogus tape. The Joint U.S. Public Affairs Office in Vietnam—JUSPAO—had something they called the "Noonday Follies," the noon briefing. They did a takeoff on that. It is called "What the captain meant was."

It was done tongue in cheek with the pilot back from a mission explaining what he had done, and then the public affairs officer having to explain what the captain actually meant to say.

Although it was done tongue in cheek, the thing that was humorous about it was that it was not all that tongue in cheek. The military operations officer who was out on the line was explaining what he had done, and the public affairs officer was trying to put the best face on it.

Now I studied at the feet of one of the greatest public affairs officers I have ever known, Ambassador Mike Mansfield. He told me that he did not believe in the old dictum that an ambassador was an honest man sent abroad to lie for his country.

I don't think a public affairs officer is someone who is put up to lie for his country or to lie for his boss or straighten out what his boss did.

The boss has to be sensitive to the need to explain policies and the actions in the clearest and most forthright manner possible.

Training can help, and in recent years, the Department of Defense has recognized that. There are training courses at the Pentagon and other places. But, by and large, it is only for our most senior officers.

Admiral Crowe was so taken with the Air Force's training program in public affairs, where they actually set them up before a camera, do interviews, do stakeouts and that sort of thing, that he went back three times. The next thing you know, he turned up on "Cheers." [Laughter.]

So it does work.

Senator WARNER. Yes.

Mr. HOWARD. I visited the military service colleges and talked to groups about public affairs. I have found that it is at the more junior and middle grades that one finds almost an extraordinary degree of distrust and hostility toward the press. This is because they have never had the contact.

I think some direct exposure and some training would be a very, very good thing.

Senator WARNER. You have been a great success in that profession and you will be a success in this one—of that I am confident—due in part to your knowledge of that subject. I would hope that maybe you would think about trying to generate a little more interest by the commissioned officers and, indeed, the petty officers in learning a few tips of the trade; not how to twist or distort anything, just to look them in the eye, be honest but make it cryptic and get it over with; and also, when not to say anything.

Mr. HOWARD. That's right.

I delivered a lecture at the Defense Information School at Fort Benjamin Harrison in Indiana about a month ago to a class of military people, both enlisted and officers, who were about to graduate and go out into the field.

I told them there were some very simple rules and if you follow them, you will never have any problems. One of them is never, never, never lie.

It is not a matter of being moralistic. It is simply a matter of survival.

If you lie, you are going to get caught. If you lie, you are going to get caught by yourself, by your colleagues, by the media, whatever. And you never have to remember what you said if you tell the truth the best way you know how.

The second rule is try to make darn sure that you are not lying. The way you do that as any responsible official—a public affairs officer, a military officer, anyone else—is to check your sources, the same way a reporter does. Do not just take one source of information.

Make sure that you know what you are talking about.

If you follow those rules, you will be pretty well all right. And if you don't know, say so.

Senator WARNER. Is that lecture in writing? I would like to read a copy of it.

Mr. HOWARD. Well, it was an off-the-cuff lecture, but I would be happy to pass it along.

Senator WARNER. I would be quite interested in that.

What areas will you emphasize in your work so that the Secretary can balance out the responsibilities overall in the Department?

Mr. HOWARD. I think that Secretary Garrett, when he testified before this committee, identified three problem areas for the Department of the Navy, for the Department of Defense for that matter. I certainly accept those as our three major problem areas.

One of them is the perennial problem of a steadily decreasing top line and instability in the budget process.

If you are having to do the budget three or four times a year and things are constantly being driven out of the budget by that decreasing top line, it is almost impossible to plan rationally. So that is our biggest problem of all.

The second problem is one that we have already talked about here today and that is jointness, the full implementation of Goldwater-Nichols, of the Packard Commission Report in this latest iteration in NSR-11. And, finally, and most importantly, it is maintaining, retaining, recruiting the same quality people that we have in the Navy and the Marine Corps today.

Senator WARNER. Yes. I was hoping you would say that.

Mr. HOWARD. That is the problem that I see as paramount.

Senator WARNER. And the demographics, the shrinking pool.

Mr. HOWARD. The demographics means to me that we have to make sure that we hold the line, at the very least that we hold the line, on military pay. The 3.6-percent pay raise that we are talking about still has us at about a 10.5 percent or an 11-percent gap with the private sector. That is not good. But it is a lot better than a 3-percent or a 2-percent pay raise would have been.

We have to hold the line on the quality of all of the goods and services that we provide to our military people, such as their housing. It is in pretty good shape at the moment. It is in pretty good shape after many years of being in pretty bad shape.

I have traveled around the world and have seen the housing. We have to continue to work at the quality of the housing of both our single people, who live in barracks, and particularly of our married people.

We have to continue to work on medical care.

Senator WARNER. I join you on that. It is just extraordinary.

Mr. HOWARD. I have done my own surveys in addition to those that were done throughout the military with people that we want to keep, who decide to get out of the service. The two most frequent complaints that they have are: housing and medical care. I have had briefings on the medical care problem this week. It is something that I am going to bore in on.

I think we have made some steps in the right direction. But we have to keep it moving in that direction. We are a long way from being well in that area. It is going to take some money.

But, more than that, it is going to take some attention.

Senator WARNER. I could not agree with you more. My father was a doctor, and, therefore, I have taken an interest in that subject, particularly when I was privileged to serve where you are going to serve. I follow it, and talk about this with men and women in the Armed Forces. And this has really become more important than housing now, in terms of their concerns.

As I understand it, contract doctors are now being integrated into a number of our naval hospitals. I am not prepared to say whether that is good or bad, but it is a solution which the services are forced to accept.

We have very fine people that serve in uniform today, and I note that you have had the privilege of serving with them now for some period of time.

They don't ask for a whole lot—just to be treated fairly.

Mr. HOWARD. Yes, sir.

Senator WARNER. I think that they are fortunate to have you, as is the Nation, to come up here and take on that responsibility and stay in that building for a period of time.

I wish you well.

I know you are going to enjoy it. I think the Congress is going to work right along with you. You understand the Congress very well, and the taxpayer, too. You understand that.

Mr. HOWARD. Certainly.

Senator WARNER. You ought to have lunch with Mr. Betti one time and tell him a little bit about what you went through when some of the problems hit. You were there when some of it hit in the beginning, weren't you?

Mr. HOWARD. Yes, sir.

Senator WARNER. You used the phrase "but, but, but," when you started. Do you know what the "buts" are? What are they?

Mr. HOWARD. Which "buts?"

Senator WARNER. I'm asking if you know what the "buts" are in the military?

Why, sir, that is the rifle range where they raise "maggie's drawers."

Mr. HOWARD. Yes, sir. That's it. [Laughter.]

Senator WARNER. You just go down and ask an old marine where the "buts" are. He'll show you.

Mr. HOWARD. Oh, I know where the "buts" are, sir.

Senator WARNER. Good.

Thank you very much. I wish both you and your wife and family well on this venture.

I have a prepared statement from Senator Thurmond that he wishes included in the record.

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman: I am pleased to join you in your warm welcome of Mr. Howard, the President's nominee as Under Secretary of the Navy. I am aware of Mr. Howard's exceptional performance in a number of challenging positions, both within the State Department and the Department of Defense, and I congratulate him on this promotion.

Mr. Howard, I am confident that, if you are confirmed, you will quickly assume the challenges of your new position and be a valuable assistant to Secretary Garrett. I wish you the best in your new assignment.

Thank you, Mr. Chairman.

Senator **WARNER**. We will recess momentarily. The chairman will be back.

The committee will stand in recess until the return of the Chair.

Thank you very much.

[Whereupon, at 5:35 p.m., the committee recessed and proceeded with other business.]

[Prepared questions submitted to J. Daniel Howard by Senator Nunn prior to the hearing with answers supplied follow:]

DEPARTMENT OF THE NAVY,
OFFICE OF THE UNDER SECRETARY,
Washington, DC, September 11, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate,
Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of 3 August 1989 and the opportunity to share my views on a number of very important issues which presently face the Department of the Navy. Answers are provided to your specific questions at the enclosure.

As always, if I can be of any further assistance, I hope you will not hesitate to contact me.

Sincerely,

J. DANIEL HOWARD.

Enclosure.

DUTIES

Title 10, United States Code, provides that the duties of the Under Secretary of the Navy are to be prescribed by the Secretary of the Navy.

Question 1. Should you be confirmed as Under Secretary of the Navy, what duties do you expect that Secretary Garrett will prescribe for you?

Answer. Secretary Garrett has explained to me that he expects me to be his alter ego, to be in on *every* program so that I can act on his behalf whenever required. While much of the process is still in definition, he has identified a few areas for my special attention. One is in the quality of our production and repair efforts, aiming to provide the best value for the resources we are allotted. Another area of great importance is maintaining the high quality of Sailors and Marines we have come to rely upon for the readiness of the Fleet. Additionally, Mr. Garrett will want me to take the lead on some ongoing, important areas that he was responsible for as Under Secretary. These include the management improvement efforts in the industrially funded activities, the new emphasis on quality and process improvement, the basic oversight of intelligence related activities and special access programs. The Inspector General, Auditor General, and the Director of the Naval Investigative Service will report directly to me. Also, I know I will play a strong role in the planning, programming and budgeting activities of the Department and the tough resource decisions that lie ahead.

MANAGEMENT SKILLS

No matter what specific duties are prescribed for you by Secretary Garrett, you will have a major role as a senior manager and leader within the Department of the Navy.

Question 2. How would you assess your management and leadership skills?

Answer. My methods of management have come from a wide range of experience—as a marine, and through years of experience in foreign affairs and defense matters. In my public service career of nearly 20 years, I have had exposure to and involvement in many important events and crises. I am accustomed to dealing with bureaucratic inertia and entrenched positions, sorting out sensible policies from outmoded habits. I have learned to ask hard questions, set priorities, lay out plans and apply good judgment in decision making. I have always been a good team-builder. The years ahead demand both of those skills—tough management abilities and team play. I look forward to the opportunity to bring my experience to bear in the management of a Department with over a million active and reserve in uniform, and over three hundred thousand civilian professionals.

MOST SERIOUS PROBLEMS

As the Assistant Secretary of Defense for Public Affairs you participated in various fora involving senior officials of the Military Departments and the Office of the Secretary of Defense, which no doubt gave you significant insight into the Department of the Navy.

Question 3. Based upon that insight, what do you consider to be the most serious problems in the management and operation of the Department of the Navy?

Answer. First, maintaining the professionalism and quality of our people as we accommodate tight budgets and continued requirements for a credible forward presence overseas. Quality extends to equipment, facilities, all aspects of readiness, but, most importantly, it pertains to people and their quality of life. This is certainly consistent with the priorities of Secretary Cheney and Secretary Garrett, but it will be a special area for me. I have seen our military forces before when we failed to maintain quality in our people and we don't want that to happen again.

Second is the problem of instability in the budget process, which makes rational planning and program management especially difficult. Resource allocation has, of necessity, been driven too much by budget needs, and not enough by our planning and programming community. We must strive to achieve stability, even with a declining top line, in our planning, programming and budgetary process. Redoing the budget three and four times per year never allows the process to move forward.

Third, we have to implement Goldwater-Nichols in a way that simultaneously provides for ease of management and for quality and integrity in defense procurement.

Question 4. What management or other initiatives would you recommend to Secretary Garrett to address these problems?

Answer. Maintaining reasonable limits on the peacetime deployments of our Sailors and Marines is an important first step in demonstrating our commitment to keeping superior Sailors and Marines on the deck plates and in the field. This must be followed with careful attention to our people's compensation, quality of life, and to the professional development that makes their job worthwhile.

As for budget stability, we look to Congress for consistency in funding and, wherever possible, multiyear funding of procurement programs.

I look forward to carrying out the Department of the Navy's part of the Department of Defense management improvements. The Department of the Navy's Secretariat is busy defining those changes now. Our objective is to streamline the acquisition process for the efficient use of available resources. In the current budget environment, integrity and efficiency are more important ever.

GOLDWATER-NICHOLS ACT

As you know, the Senate Armed Services Committee has a deep interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

Question 5. How would you describe the basic philosophy of the Goldwater-Nichols Act, the amendments to the Act relating to special operations forces and low intensity conflict and their impact of the Department of the Navy?

Answer. In my view, the trust of Goldwater-Nichols is to integrate national security objectives, resources, and strategy. This has involved strengthening the authority of the Chairman of the Joint Chiefs of Staff and the unified commanders. Our basic goal regarding special operations forces is better coordination among the special operations forces of each of the services, and between special operations forces and conventional forces. Navy SEAL, SEAL Delivery Vehicle Teams, and Special Boat Units are now a major force component of U.S. Special Operations Command. I am certain through working closely with CINCSOC, we can achieve the required integration of special operating forces relative to special warfare in a maritime environment.

Question 6. Are you fully committed to the full and complete implementation of the Act as amended?

Answer. Yes.

DEFENSE MANAGEMENT REVIEW

In addition to the Goldwater-Nichols Act, the recently completed Defense Management Review, which is mainly concerned with the implementation of the Packard Commission, will have significant impact on the Department of the Navy.

Question 7. Do you fully support the various initiatives of the Defense Management Review?

Answer. I am personally involved in work to implement the initiatives contained in the Defense Management Report. Working groups in the Department of the Navy are currently addressing these initiatives in six critical areas: program executive officer/systems command reorganization; secretariat reorganization; the acquisition workforce; acquisition regulations, policies and procedures; legislative initiatives; and ethics.

Question 8. What role do you expect to play in the full and timely implementation of these initiatives?

Answer. I will be involved with the implementation and execution of all of the initiatives stemming from the Report. I believe that we must streamline the acquisition process to make it work better. The Management Report lays out a road map for doing this and we are currently in the implementation phase. I will help Secretary Garrett implement these initiatives.

RELATIONSHIP TO ASSISTANT SECRETARIES

Question 9. What do you expect will be your relationship to Assistant Secretaries of the Navy?

Answer. The role Secretary Garrett has described to me will enable me to be in on every program so that I can advise him as well as mind the store in his absence. I will have full authority in his absence as the Acting Secretary of the Navy. In these instances, the Assistant Secretaries would report to me. Otherwise, my relationships to the Assistant Secreatries will depend on the desires of the Secretary as well as the circumstances surrounding the individual programs or issues that need to be brought to the Secretary's attention.

Question 10. Will the relationship be the same with respect to an Assistant Secretary who is designated as the Navy's Acquisition Executive?

Answer. The Defense Management Report provides a broad outline of the Service Acquisition Executives intended responsibilities for acquisition functions and his relationship with other acquisition management officials. I am fully supportive of these responsibilities and relationships, and would expect my relationship with him or her to be the same as with the other Assistant Secretaries.

MEDIA LEAKS

The committee has been disturbed with various media reports concerning the administrative and criminal investigations into the USS *Iowa* explosion. This appears to be a continuing problem with respect to activities of the Naval Investigative Service.

Question 11. From the vantage you had as Assistant Secretary of Defense for Public Affairs, were leaks of information relating to activities like this a serious problem?

Answer. Premature disclosure of information from a complicated investigation is a very serious problem, since it works against the best interests of all those concerned with the thoroughness and accuracy of the inquiry. Such leaks disturb the atmosphere of professionalism and intellectual honesty that are crucial to finding the causes of such accidents. Most tragically, such disclosures needlessly trouble the families of our Sailors and Marines who are justifiably concerned with safety and integrity of operations aboard our ships.

Question 12. What specific steps would you recommend to remedy this problem?

Answer. I would greatly restrict the access to the investigative results until review had been completed. I would also be prepared to polygraph all those individuals who had access to the report in the event that there was a serious leak and to prosecute the offending party in the worst cases.

INTELLIGENCE OVERSIGHT

The intelligence function is one of the most important functions of the military departments and one which requires a significant level of supervision and oversight.

Question 13. What role do you expect to play in overseeing the intelligence function within the Navy Department and what steps would you take to ensure that the oversight is carried out properly?

Answer. I will continue the vigorous program of intelligence oversight currently in effect. The Department of the Navy's intelligence oversight program was overhauled in August 1988, with the issuing of SECNAV Instruction 3820.3D, to give the Naval Inspector General greater intelligence oversight authority, and to place greater emphasis on timely reporting at all levels of command. I intend to use this new mechanism to the fullest extend to stay fully informed of all sensitive Department of Navy intelligence activities, and to ensure any questionable actions are investigated promptly.

Question 14. Do you expect that this role will extend to oversight of planning, programming and budgeting for compartmented programs?

Answer. Yes. Compartmented programs deserve *special* scrutiny, since there are fewer people directly examining the management and cost effectiveness in planning or execution of programs.

[Question for the record with answer supplied follows:]

QUESTION SUBMITTED BY SENATOR STROM THURMOND

NAVAL SHIPYARDS

Senator THURMOND. Mr. Howard, with the increased competition of commercial shipyards, what do you see in the future for our naval shipyards?

Mr. HOWARD. The primary workload for our naval shipyards is the maintenance and modernization of the Navy's fleet of nuclear and nonnuclear combatants and strategic ships. The dry docks in the naval shipyards are currently being employed near maximum capacity. The future, as today, for our naval shipyards will be to ensure the needs of the operating fleets are met with this unique infra-structure. Additionally, naval shipyards provide technical expertise, flexibility of response to fleet needs, and surge capacity in time of national emergency, on both Pacific and Atlantic coasts.

Navy ship maintenance and modernization levels, near $4.6 billion, will decrease slightly next fiscal year and will adjust over the next five years to meet fleet requirements. Approximately 60% is assigned to the naval yards, 30% to the private sector (commercial yards), and 10% is set aside for competition between naval and private yards. This healthy spirit of competition results in a cost effective product by the contract award winner (the commercial yards won most of the surface work and the naval yards the submarine contracts) and also ensures a high quality product by the naval shipyards for the noncompetitive awards as well.

The future success and survival of naval shipyards is tied to the value provided to the fleet through greater productivity at less cost. The Navy has several initiatives, such as the Navy Industrial Improvement Program, to help yards reduce costs and gain greatest value for each defense dollar. I expect some corrections to occur in overall yard manning levels in the near term, with the work force leveling off at about 10% below today's level. Maintaining a cost effective posture and ensuring critical skills are not lost will be a significant challenge for the Navy in the future.

[The nomination reference of J. Daniel Howard follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
August 1, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

J. Daniel Howard, of Tennessee, to be Under Secretary of the Navy, vice H. Lawrence Garrett III, resigned.

[The biographical sketch of J. Daniel Howard, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF J. DANIEL HOWARD

On July 31, 1989, President Bush announced his intention to nominate J. Daniel Howard to be the Under Secretary of the Navy

Mr. Howard was born August 24, 1943, in Chattanooga, Tennessee. He grew up in Tennessee and in Keyes, Oklahoma. He enlisted in the United States Marine Corps Reserve in September 1961, and went on active duty in February 1962. After Parris Island, he was trained as a Special Radio Operator and served for 2 years at the Naval Security Group Activity, Kamiseya, Japan, as part of Company "E" Marine Support Battalion. He received an honorable discharge in January 1965.

Mr. Howard received a B.A. degree from the University of Chattanooga in 1968. He then worked for the American Red Cross in Colorado until 1971, before entering the University of Tennessee where he received an M.A. in history in 1972.

In October 1972, Mr. Howard joined the Foreign Service as part of the United States Information Agency. Beginning in 1973, he served in Yokohama, Sapporo, and Tokyo, Japan. From 1977-1980, he was chief spokesman under Ambassador Mike Mansfield. In this capacity he organized a coordinating committee of public affairs officers representing all major U.S. military commands in Japan. He also organized and led a group of Japan's most influential defense writers and commentators which toured U.S. military installations in Asia in 1979. The articles produced as a result of this tour contributed to dispelling Japanese fears of a U.S. pull out from Asia.

After Polish language training 1980-1981, he was transferred to Warsaw to serve as Cultural Affairs Officer responsible for a large educational and cultural exchange program. He traveled throughout Poland maintaining contacts with the educational and intellectual community. He attempted to maintain these contacts after martial law was declared in December 1981, but after months of constant harassment, he was declared *persona non grata* by the government of Poland in May 1982, and he and his family were expelled from the country.

From 1982-1985, Mr. Howard served as the Public Affairs Officer at the U.S. Embassy in Nicosia, Cyprus, where he managed a very large AID-sponsored scholarship program. But within weeks of his arrival, the Embassy in Beruit was blown up for the first time and he and the small Embassy staff took on the task of handling the casualties and refugees of the disaster. Similar support was offered in the aftermath of the bombing of the Marine Barracks in 1983, the mass evacuation of over 1,000 American citizens in 1984, and the second Embassy bombing in 1985. Mr. Howard's final 16 days in Cyprus were spent at the Larnaca airport coordinating support associated with the resolution of the TWA-847 hostage crisis. He received a Meritorious Service Award for this endeavor.

In 1985, Mr. Howard moved to the Department of State where he served as the Public Affairs Advisor to the Assistant Secretary for East Asia and Pacific Affairs, Paul Wolfowitz, and was immediately immersed in the Philippines revolution. He received the State Department's Superior Honor Award for his work on this crisis and came to the attention of the White House.

Mr. Howard's next move was to become Deputy Press Secretary for Foreign Affairs at the White House in July 1986. He served as coordinator for public statements on foreign affairs and national security issues; working closely with the National Security Council, Department of State, and the Department of Defense to ensure policy consistency, particularly with regard to arms control issues.

When Frank Carlucci was confirmed as the Secretary of Defense in November 1987, he asked Mr. Howard to move to DOD with him. After confirmation, Mr. Howard was sworn in as the Assistant Secretary of Defense for Public Affairs on February 3, 1988. In the subsequent 15 months, Mr. Howard traveled to 28 countries and attended virtually every meeting between Secretary Carlucci and his counterparts. This included the three historic exchanges between Secretary Carlucci and Soviet Defense Minister Yazov and a tour of Soviet military facilities. He also received briefings at dozens of U.S. military and naval facilities in the U.S. and abroad.

As the Assistant Secretary of Defense, Mr. Howard and his staff of almost 400 managed a broad range of activities. In his capacity as Public Affairs Advisor to the Secretary of Defense, he participated in many decision meetings, including the annual deliberations of the Defense Resources Board. He also served as the principal spokesman for the Department. His tenure was marked by a series of newsworthy events, including the April 18, 1988, altercation with the Iranian navy, the Iranian airbus tragedy, the Ill-Wind fraud investigation, and the shootdown of two Libyan MiG fighters by Navy F-14's in January 1989. He received the DOD Distinguished Public Service Award for his work as Assistant Secretary and resigned on May 22, 1989.

A career member of the Senior Foreign Service, Mr. Howard speaks both Japanese and Polish. He is married to the former Mary Ruth Elam of Knoxville, Tennessee. They have three children—James, Jennifer, and Laurel—and reside in Arlington, Virginia.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by J. Daniel Howard in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.) J. Daniel Howard.

2. **Position to which nominated:** Under Secretary of the Navy.

3. **Date of nomination:** August 1, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:** August 24, 1943, Chattanooga, TN.

6. **Marital status:** (Include maiden name of wife or husband's name.) Married. Mary Ruth Elam.

7. **Names and ages of children:** James—19; Jennifer—16; Laurel—12.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

University of Tennessee, 1971-72, MA (History).
University of Chattanooga, 1965-68, BA (Philosophy).
Keyes High School, Keyes, Oklahoma, Graduated 1961.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

I have been a career officer in the Foreign Service for the past 15 years, employed by the United States Information Agency and serving in the following assignments:

Assistant Secretary of Defense for Public Affairs, February 3, 1988 to May 22, 1989.

Deputy Press Secretary for Foreign Affairs, The White House, 1986–87.

Public Affairs Advisor of the Bureau for East Asia and Pacific Affairs, Department of State, Washington, D.C., 1985–86.

Public Affairs Officer, U.S. Embassy, Nicosia, Cyprus, 1982–85.

Cultural Affairs Officer, U.S. Embassy, Warsaw, Poland, 1981–82.

Press Attache, U.S. Embassy, Tokyo, Japan, 1977–80.

Director of the American Center in Sapporo, Japan, 1975–77.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above. None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution. None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations. MG Car Club.

13. **Political affiliations and activities:** (a) List all offices with a political party which you have held or any public office for which you have been a candidate. None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years. None

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years. None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Superior Honor Award, Department of State, 1986.

Meritorious Service Award, United States Information Agency, 1985.

Blue Key, Honor Fraternity, 1968.

Phi Alpha Theta, History Honor Fraternity, 1968.

Distinguished Civilian Service Medal, Department of Defense, 1989.

15. **Published writings:** List the titles, publishers, an[illegible]es of books, articles, reports, or other published materials which you have wr[illegible]. None.

16. **Speeches:** Provide the committee with two co[illegible] of any formal speeches you have delivered during the last 5 years which yo[illegible]e copies of and are on topics relevant to the position for which you have bee[illegible]minated. None.

17. **Selection:** (a) Do you know why you w[illegible] chosen for this nomination by the President?

I was chosen on the recommendation o[illegible]retary of Defense Dick Cheney, based upon my performance as spokesman for[illegible] and upon advice given him during his early weeks as Secretary.

(b) What do you believe in your [illegible]ground or employment experience affirmatively qualifies you for this partic[illegible]appointment?

I believe that my 16 years' ex[illegible]nce as a government spokesman in difficult assignments qualifies me, as wel[illegible] the detailed knowledge of the military forces and of the acquisition process gle[illegible] during my tenure as Assistant Secretary.

18. **Commitment to testi[illegible] before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate? Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will be made available to the public unless specifically directed by the committee.

Name: J. Daniel Howard.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years, have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

J. DANIEL HOWARD.

This 8th day of June, 1989.

[The nomination of J. Daniel Howard was reported to the Senate by Senator Sam Nunn on August 3, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 4, 1989.]

NOMINATION OF ANNE NEWMAN FOREMAN, TO BE UNDER SECRETARY OF THE AIR FORCE

THURSDAY, SEPTEMBER 7, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:33 a.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Shelby, Warner, Thurmond, Wilson, and McCain.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk; and Daniel G. Sakura, research assistant.

Professional staff members present: Sherri W. Goodman, John J. Hamre, David S. Lyles, and T. Kirk McConnell.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Brian D. Dailey, George W. Lauffer, and John E. Mansfield, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; Dudley L. Carlson, assistant to Senator Wilson; and Charles G. Pearcy, assistant to Senator Lott.

STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

This morning the committee meets to consider the nominations of Anne Newman Foreman to be Under Secretary of the Air Force, and Antonio Lopez to be the Associate Director of the Federal Emergency Management Agency.

I will introduce both of them briefly, and then we will hear from Senator Wilson who will give them a back-home introduction. Then we will start with questions for Ms. Foreman first, and then Mr. Lopez.

Ms. Foreman is accompanied today, I believe, by her husband, Dennis, who is a lawyer in the State Department's legal advisor's office—he has had a long career of Government service—as well as their two children, Victoria and Tom.

I do not know whether Victoria and Tom know it, but this is their parents' 15th anniversary today.

So we are delighted to have you here on a very special day.

I would ask unanimous consent that Ms. Foreman's complete biographical data be entered into the record, and I will mention a few highlights.

[Ms. Foreman's biographical data follows the hearing record.]

Chairman NUNN. Ms. Foreman currently serves as General Counsel for the Air Force. Ms. Foreman started Government service after she graduated from college, but left Government when she went to law school in 1977, secured a law degree, and served in private practice until 1985.

Before her appointment as General Counsel, Ms. Foreman served as Associate Director in the Office of Presidential Personnel in the White House.

The Under Secretary of the Air Force is obviously a very important position. Earlier this summer, I wrote to Dr. Don Rice, Secretary of the Air Force, concerning his announced plan, during his confirmation hearing, for reorganizing the Air Force Secretariat.

I was especially interested in the new plans for the Under Secretary position and the responsibilities for the new Assistant Secretary for Space position.

I ask unanimous consent to have my letter and Secretary Rice's response entered into the record.

[No response.]

[The letters referred to follow:]

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, July 20, 1989.

Hon. DONALD B. RICE,
Secretary of the Air Force,
The Pentagon, Washington, DC.

DEAR MR. SECRETARY: The Committee has just received the nominations of Anne Newman Foreman to be Under Secretary of the Air Force and Martin C. Faga to be Assistant Secretary of the Air Force (Space).

In our letters to the two candidates for the Presidency in October of last year, Senator Warner and I set out general qualifications which the Armed Services Committee intended to utilize in evaluating nominees for the various leadership positions within the Department of Defense. One of those qualifications was that the "nominees must have substantial experience and expertise within their proposed areas of responsibility."

In order to assist the Committee in evaluating the qualifications of these two nominees to perform their duties, it is important that the Committee have a clear understanding of the responsibilities which will be assigned to them. I hope that you could provide us as soon as possible a description of the duties which you intend to assign to the Under Secretary of the Air Force and the Assistant Secretary of the Air Force for Space since I understand from your confirmation proceedings that the duties for both would be different from past practice.

Additionally, with the creation of the new position of an Assistant Secretary for Space, it would be helpful if you would advise us as to how you intend to designate the remaining assistant secretary positions.

I appreciate your assistance in this matter.

Sincerely,

SAM NUNN, *Chairman.*

SECRETARY OF THE AIR FORCE,
Washington, DC, July 31, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your interest in the responsibilities of the Under Secretary of the Air Force and Assistant Secretary of the Air Force (Space). Attached is an extract of a draft Secretary of the Air Force Order (SAFO), which I will soon publish, setting forth the responsibilities of the Under Secretary of the Air Force and the Assistant Secretary of the Air Force (Space). In addition, further classified data will be provided to you under separate cover.

The most important duty of the Under Secretary is to serve as my principal assistant. The Under Secretary is my alter ego and acts with full authority for me on all affairs of the Department. After Ms. Foreman is confirmed as Under Secretary, besides the duties spelled out in the SAFO, I intend to give her a number of important, far-reaching tasks. For example, she will co-chair an Air Force Executive Committee which will conduct and oversee a top-to-bottom management review of the Air Force arising from the Defense Management Report. In addition, I will ask her to give special attention to the important area of procurement integrity. In her present position as Air Force General Counsel, Ms. Foreman has extensive experience in this area, and her advice has been invaluable to me.

As for the Air Force's Assistant Secretaries, besides the Assistant Secretary of the Air Force (Space), I will designate the remaining three Assistant Secretaries as follows: Acquisition; Financial Management; and Manpower, Reserve Affairs, Installations, and Logistics.

I am very pleased President Bush nominated Ms. Foreman and Mr. Faga to their positions. They are highly qualified, and I look forward to working with them. I appreciate your assistance in their prompt confirmation.

Sincerely,

DONALD B. RICE.

SECRETARY OF THE AIR FORCE—ORDER

Subject: Functions of the Secretary, Under Secretary and the Assistant Secretaries of the Air Force

1. The Secretary of the Air Force, pursuant to 10 U.S.C. 8013, is responsible for and has the authority necessary to conduct all affairs of the Department of the Air Force. Subject to his direction and control, the Under Secretary, and the Assistant Secretaries are authorized to act for and with the authority of the Secretary of the Air Force on all matters for which the Secretary is responsible. This authority extends not only to actions within the Department of the Air Force, but also to relationships and transactions with the Congress and other governmental and nongovernmental organizations and individuals.

2. Officers and officials of the Air Force will report to the Under Secretary and the Assistant Secretaries regarding matters within their respective cognizance as herein assigned.

3. Pursuant to 10 U.S.C. 8017, the Under Secretary, in the absence of the Secretary, will perform the duties of the Secretary; in the absence of the Secretary and Under Secretary, the Assistant Secretaries in order of their length of service as such will perform the duties of the Secretary.

4. The Under Secretary of the Air Force, as principal assistant to the Secretary of the Air Force, acts with full authority of the Secretary on all affairs of the Department. Additionally, the Under Secretary is responsible for the direction, guidance and supervision of the international and certain special activities of the Department, including:

a. Coordination of politico-military policies and actions with all pertinent DoD, Department of State, and other international affairs agencies or groups;

b. Coordination of Air Force policies and actions pertaining to:

(1) Security Assistance Program;
(2) Relations with foreign governments;
(3) Status of forces and base rights agreements;

c. Review and analysis of Air Force plans, programs and requirements in all areas involving politico-military affairs.

5. The Assistant Secretary of the Air Force (Space) will have as his/her principal duty the overall supervision of Air Force space and space-related matters, with primary emphasis on policy, strategy and planning. Commensurate with the belief that space is intrinsic to the future of the Air Force, Air Force Space Policy acknowl-

edges that space power will assume as decisive a role in future combat operations as air power has today. It is the function of this office to ensure that the Air Force is not only committed to integrate space power in all areas from combat support to the full spectrum of military capabilities.

a. As part of his/her general responsibilities the Assistant Secretary (Space) will:

(1) Review and coordinate all Air Force space and space-related matters, with principal emphasis on policy, strategy and planning.

(2) Support the Secretary of the Air Force in the discharge of such responsibilities for DoD space activities as the Secretary of Defense may assign, to include acting on behalf of the Secretary of the Air Force as required.

(3) Ensure comprehensive, integrated planning of Air Force space and space-related activities, to include consideration of their relationship to the activities of other organizations with space responsibilities.

(4) Advise the Secretary on space policies, plans, programs, budgets and operations.

(5) The Assistant Secretary will not exercise authorities otherwise specifically assigned to the Air Force Acquisition Executive.

b. As part of his/her specific functions, the Assistant Secretary (Space) will:

(1) Develop for promulgation by the Secretary broad goals, policies and related guidance for Air Force space activities that will provide for an integrated Air Force space program.

(2) Maintain cognizance of, and assess Air Force responsiveness to, National, DoD and Air Force Space Policies. This will include close cooperation with the Air Staff and other organizations in the Air Force Secretariat.

(3) Develop and maintain a cooperative relationship with DoD and non-DoD organizations with space and space-related responsibilities, with special attention to the needs of other users of Air Force space systems.

(4) Participate in, and coordinate on, major Air Force program decisions and reviews addressing space and space-related efforts.

(5) At the discretion of the Secretary, serve as the Air Force representative to space related, internal DoD or interagency councils and boards.

(6) Serve as the Air Force focal point for DoD and interagency matters involving Air Force space interests. This includes interagency memoranda of agreement, as well as Air Force program and policy interactions with the National Aeronautics and Space Administration (NASA) and with Executive Departments having responsibilities for commercial space activities.

(7) Formulate, in collaboration with the Assistant Secretary (Acquisition) and the Assistant Secretary (Financial Management), a budget cross-cut for space, in order to assist the Secretary in providing overall supervision of space resources and ensuring an internally consistent and balanced space program.

(8) Advise the Secretary on arms control and treaty matters as they pertain to Air Force space interests.

(9) Conduct other activities directed by the Secretary.

Chairman NUNN. According to Dr. Rice, the Under Secretary will take the lead, among other duties, in implementing the recommendations of the Defense Management Review for the Air Force. This is a very important responsibility as it is essential to restoring confidence in the acquisition process.

The Under Secretary will also serve as the focal point for international programs which, in the Air Force, are extensive.

For example, over the past few years, we have established a number of critical programs to improve coordination with our allies in the development of new weapons systems.

The NATO Alliance faces many key challenges and retaining and emphasis on cooperative research and development will be very important. So there will be many duties that this position will encompass, along with traditional duties of backing up the Secretary in almost every aspect.

Subsequent to her nomination, I wrote to Ms. Foreman and asked her to answer a number of questions prior to this hearing. She has answered those in writing. Without objection, these questions and the answers will be placed in the record.

[The questions and the answers thereto follow the hearing record.]

Chairman NUNN. Today we will also consider the nomination of Mr. Antonio Lopez for the position of Associate Director of Federal Emergency Management, the agency for national preparedness. And I also extend a warm welcome to the nominee and to his family.

I understand his son Richard is here today. Richard, we are glad to have you.

Mr. Lopez has an impressive career in the Government and private sectors. I will also ask that his resume be entered into the record, and I will mention just a few highlights. (Mr. Lopez's biographical data follows the hearing record.)

Mr. Lopez retired from the Air Force as a colonel in 1982 after 27 years of service, including a combat tour in Vietnam. While rated as a pilot, Mr. Lopez also worked in the ICBM Office, served in various flight safety positions, and concluded his career with assignments in military assistance, public affairs, and western hemisphere defense planning.

After retiring from the Air Force, Mr. Lopez worked in the private sector in the area of international business development, and most recently served as the Special Assistant to the President and Director of the White House Military Office.

The National Preparedness Directorate at FEMA which Mr. Lopez will head if confirmed is the largest component of that agency. The direction of its charter is a broad one, encompassing the development and coordination of all aspects of the Federal Government's responsibilities and capabilities for the management of national security emergencies.

Specific activities include implementing Government preparedness and continuity of Government programs; maintaining minimum essential communications networks for local, State and Federal governments and coordinating industrial mobilization and policy plans.

Subsequent to his nomination, I wrote to Mr. Lopez and asked him to answer a number of questions prior to this hearing. All members of the committee have been given copies of the answers to these questions.

Without objection, I will place those questions and answers in the record.

[The questions and answers thereto will be found at the end of the hearing record.]

Chairman NUNN. Mr. Lopez, we welcome you here today, and we are delighted to have you.

Before we proceed, I would ask Senator Thurmond if he has any opening comments, and I also understand that Senator Wilson will be formally introducing our two nominees this morning.

Senator THURMOND. Thank you very much, Mr. Chairman.

I will make a very brief statement.

Mr. Chairman, I want to join you in your warm welcome of Ms. Foreman and Mr. Lopez. Also, I want to acknowledge your efforts in expediting these confirmation hearings.

Although there has been some criticism of the Senate for delaying the confirmation of the President's nominees, I believe this committee is doing everything possible to get the nominations to the floor in a timely fashion, and I commend you, Mr. Chairman, for that.

Ms. Foreman and Mr. Lopez, I congratulate you on your nominations. You are both well qualified. The able chairman has just given a résumé of your experience and qualifications, and I shall not take time to do that.

I feel that you both will provide good service. You have proven competent in the past in the positions you have filled.

Colonel, I just want to ask you one thing. Your résumé, I believe, shows that you flew 389 combat missions. Is that correct?

Mr. LOPEZ. Yes, sir.

Senator THURMOND. I have never heard of anybody flying that many combat missions, and I wondered if that was an error.

Mr. LOPEZ. No, sir. I was a forward air controller, sir, and so I was able to fly quite a bit—every day.

Senator THURMOND. Well, I want to commend you for that fine service, and also your other experience and your good service as a colonel in the Air Force.

I am very pleased to tell you both, I would be very glad to support you. I hope that we can act on your nominations promptly, and I feel certain that you have a bright future, both of you.

Thank you very much, Mr. Chairman.

Chairman NUNN. Thank you, Senator Thurmond.

Senator Exon, do you have an opening statement?

Senator EXON. I have no opening statement, Mr. Chairman.

Chairman NUNN. Thank you.

Senator Wilson, we understand both nominees are from California, continuing the unprecedented dominance of California in the executive branch.

We are delighted to have you here as a member of the committee to introduce these nominees.

Senator WILSON. Thank you.

Senator THURMOND. Mr. Chairman, could I just say that I have to go back now to the Judiciary Committee. Dr. Bennett is up there, and if the witnesses would just answer a few questions I have for the record, I would appreciate it.

Chairman NUNN. Good. We will have those submitted, without objection. Senator Wilson.

Senator WILSON. Thank you, Mr. Chairman.

Let me first echo Senator Thurmond's commendation of you for your personal efforts to expedite the processing of these nominations.

Let me thank you as well for your excellent opening statements. You have made clear why it is that I have pardonable pride in the responsibility that I have this morning for introducing two very distinguished Californians whose capabilities, I think, are very clear from just the written pages of their record.

I might say that I think that anyone who has flown 389 combat missions has demonstrated an amazing ability to dodge flak, and it makes me think that perhaps he should have sought a political career, with that kind of record.

You are correct in everything that you said in highlighting the careers of these two very distinguished Californians. I might add that both are from southern California. Both received their education there, and I am sitting between them because one attended the University of Southern California and the other, the University of California at Los Angeles.

The friendly rivalry that exists between those institutions, I think, is probably enhanced by the fact that these two distinguished graduates are here today.

Ms. Foreman, as you have indicated, brings to the very, very challenging responsibility that she will undertake as the Under Secretary of the Air Force a record of high achievement in a diverse number of assignments.

She has been most recently involved in being a legal adviser to the Air Force, and in that capacity has had to oversee a great range of legal procedures, contracts, and arrangements with foreign governments.

She has been involved, as well, with matters that affect the Departments of State, Defense, and Veterans' Affairs, as well as the Central Intelligence Agency. She has, as you have also pointed out, been involved in the private sector as an attorney, and brings that experience.

But it is also clear that she has managerial capability. Her Government career has extended far beyond law and personnel administration. That, though, is a significant aspect of what she will be involved in, as well as the particular responsibility that you correctly highlighted in terms of her responsibilities for the Air Force in connection with the space programs.

She has, over a number of years, served this Nation in foreign lands, and in that capacity has had the opportunity to practice and polish what is now a fluency achieved in both Arabic and French.

She is, as I have indicated, a graduate of the University of Southern California, a Phi Beta Kappa from that institution, who then took a master's degree in History in addition to her juris doctorate.

She has distinguished herself, in short, in a number of very challenging environments, from the U.S. Embassy in Beirut to the legal councils of the Department of Defense. I think it is very clear that she brings both the intellectual energy and capacity and the strength of character that will make her an outstanding Under Secretary of the Air Force, and it is therefore, as I say, with pardonable pride that I urge the committee to recommend confirmation of her nomination.

Colonel Lopez, as he is known in only one of his incarnations, has a distinguished military record that is well known. I do not think it has been mentioned, though, that this father and grandfather is the recipient of the Distinguished Flying Cross for those 389 combat missions.

But he has been, as well, involved in a variety of activities. As you said, Mr. Chairman, he has an impressive record in both the public and the private sector. Since the beginning of the new administration, he has served President Bush as a special assistant and director of the White House military office.

That position has given him a very wide range of responsibilities affecting several aspects of the entire White House organization. He has, to put it most simply, the responsibility for managing the White House in all of its logistical functions.

He has as well, before entering Government, worked for two different firms as an international business development consultant. First in connection with the Wisconsin-based Vollrath Co., he performed research, site surveys and negotiations needed to establish joint ventures with Mexican businesses.

He has also served as the sales marketing manager for Vollrath throughout Latin American and the Caribbean basin.

His military record spans some 27 years. It also involved before retiring in 1982 at the end of his military career, a tour with the Inter-American Defense Board. In that capacity, he spent several years in Panama as a news media spokesman for all U.S. military activities in Latin America, and as the director of an Armed Forces radio, television and newspaper network.

So, he has a very obvious capability in the communications field.

To prepare for all of these professional achievements, he found time to achieve a very impressive education. After graduating from the Phillips Andover Academy in Massachusetts, he received his Bachelor of Science degree from the University of Colorado at Boulder, then returned to southern California to UCLA to gain a master of science degree in systems management.

Happily, his immigrant ancestors had the good sense to begin their life in southern California, which is why I have the opportunity to claim him today as a Californian.

Let me just say that from Vietnam through Latin America through his work on both the public and private sector, Antonio Lopez has demonstrated the kind of ability that has generated great confidence in him, whether it be among those dealing with him in the private sector or the public sector.

He has demonstrated ability as a spokesman and as a manager, and I think, Mr. Chairman, that you put it very well in describing the responsibilities that he will have in the directorship of the National Preparedness Directorate.

It is the kind of thing that he has been doing and doing very, very well, I think. Among those whose confidence he has earned is the President, and it is easy to see why.

It is my pleasure to urge our early and prompt action on recommending his confirmation as well.

Chairman NUNN. Thank you very much, Senator Wilson.

Senator Warner came in a little bit after we started. Senator Thurmond made an opening statement. Do you want to——

Senator WARNER. Yes, I understood Senator Thurmond would be here.

I have had the opportunity to meet both these nominees. I think the citizens of this country and the President are fortunate to have them offering their services to our Nation.

Thank you.

Chairman NUNN. Thank you, Senator Warner.

Ms. FOREMAN. Thank you, Senator.

Chairman NUNN. Mr. Lopez, I will ask you if you will take a seat in the audience. We will do these one at a time, but I wanted to get the introductions done at one time.

We will start with Ms. Foreman, and then we will come back to you. Thank you.

Ms. Foreman, we are delighted to have you.

If you have any statement or opening remarks, we would be delighted to have those now.

STATEMENT OF MS. ANNE NEWMAN FOREMAN, OF MARYLAND, TO BE UNDER SECRETARY OF THE AIR FORCE

Ms. **Foreman**. I do.

Thank you, Mr. Chairman, members of the committee.

Let me express at the outset my appreciation to each of you for your presence here today, and particularly to you, Mr. Chairman, for convening this hearing as quickly as you have, after the recent recess.

Before Senator Wilson slips away, let me also express to him in particular as a once, and if I am smart enough to do this job, hopefully future Californian, my particular appreciation for his graciousness in agreeing to introduce me this morning, and certainly for the generosity of the remarks.

Let me also say what an honor I consider it to be to appear before you today as President Bush's nominee to be Under Secretary of the Air Force.

For someone like myself, who first started in the national security business almost exactly 20 years ago this month, the honor, but more importantly the opportunity, is particularly meaningful.

What I thought would be the most useful use of the time that we have this morning would be for me to review with you just briefly my concept of the Under Secretary's job and some of the specific issues on which Secretary Rice has asked me to concentrate.

This goes without saying, but I still think it is worth saying: at the end of the day, the Under Secretary of the Air Force, like so many other Government officials in similar positions, is paid for his or her judgment. Whatever are the particular responsibilities with which Secretary Rice chooses to charge the Under Secretary, whatever are the particular problems that arise during his or her tenure, the bottom line is, in my view, that it is the responsibility of the Under Secretary to take those issues, to hold them up to the light and shake them, to ensure that the final result is the best and the most enlightened that it possibly can be.

I also think that the Under Secretary should be prepared to take a broad gauge view of the Air Force responsibilities and to provide the leadership to ensure that our eyes as an institution are not just on the moment, but are on the out years of this century and even beyond.

In saying that, I am thinking not just of the threat environment, although obviously that is critical, but also in terms of how we use our scarce financial resources across the board, and certainly in terms of our Air Force men and women.

Who they will be, what we need to do now to ensure that the best and the brightest of our young people are still with us in the year 2000, that they are equipped and trained for the challenges that will meet them in the 21st century, and of course, that we continue to attract the best and the brightest for service in the Air Force, not just as members of the military, but also as civilians.

I also believe that the Under Secretary, like the Secretary, should be prepared to contribute to the broader Department of Defense management team. The perspective cannot be parochial, whether applied to the formidable challenges involved in managing the defense procurement system, or addressing the never-easy budget decisions, or when working with the other component agencies of the national security community.

In my view, the client must always be the American people, and the touchstone must always be that which makes the best sense in their broadest, best interest.

Just quickly, on a more practical level, Secretary Rice has asked me to serve as co-chairman, as Senator Nunn mentioned, of the newly-chartered Air Force Executive Committee, which is overseeing and spearheading our contribution to the Defense Management Review, which of course was launched by the President.

This is an extremely demanding and serious undertaking, but also in my view as exciting and worthwhile a challenge as I could possibly imagine.

Secretary Rice has also asked that I take a hard look at our programs in the manpower and installation field, and that I provide particular leadership to our auditor general, our inspector general, and our legal component.

I know from personal experience that these are the folks who are oftentimes the bearers of bad news, and in my view, they are all the more critical and important because of it, and it is all the more important that they know that they have the constant support and encouragement of the Secretary and the Under Secretary.

Secretary Rice, as Senator Nunn also mentioned, has also asked that I review the Air Force's many international functions, and that I bring my experience in foreign affairs to bear on our institutional approach to those issues.

I would also expect to do my share of troubleshooting, and to spend a fair amount of time right here on the Hill, hopefully transmitting to all of you the Air Force's ungarbled positions on the broad range of issues that are of interest to us, and of interest to all of you.

Finally, Mr. Chairman, let me say what I hope is clear from my background, and that is that I care deeply about the men and women of the Air Force and the national security interests of this remarkable nation.

I am particularly pleased to have the opportunity to serve in this capacity under the stewardship of Secretaries Cheney and Rice, who are already providing, in my view, leadership truly of the first order.

I believe that I, too, have a contribution to make, and if I did note, I would not be here.

Mr. Chairman, that concludes my prepared remarks. I would be happy to address any questions you or members of the committee might have for me.

Chairman **Nunn**. Thank you very much, Ms. Foreman, for your statement.

What do you consider to be the major problems with the current acquisition system, if you had to name the top two or three?

Ms. **Foreman**. I think that many of those are addressed in our Defense Management Review report. They are the kinds of things that we are looking at in our current exercise.

As I am sure you are aware, one of the primary recommendations of the Defense Management Review is that we streamline our acquisition exercises, that we push down to the lowest appropriate level both responsibility and accountability, and that we give folks both the freedom and the capability, hopefully, to discharge those responsibilities.

I think that too many layers, too much time reviewing actions, and too little fixed responsibility is an underlying problem. I think, as I said, again, too much management and too little direct responsibility for folks who have to make the decisions.

Chairman Nunn. What are your own plans and time frames for going through the process of the Defense Management Review?

Ms. Foreman. That is not an easy question to answer, since we have been engaged in the exercise for about 5 or 6 weeks now.

We do have some specific timetables that are laid out in the Defense Management Review report.

We have some particular taskings to respond to the Secretary of Defense with our plans to move forward on some of the specific mandates of the report by October 1.

Beyond that, we are looking at each of the issues that we have either tasked downward, or that we have charged the Air Force community, the major commanders, and virtually everyone else in the Air Force with suggesting upward one by one, and trying to fix them on what would be a reasonable time schedule for those particular issues.

The Defense Management Review report itself is fairly demanding in terms of the October 1 deadline. I think that although that is not easy to respond to, I think it is in good judgment.

I think that we need to keep the metronome beating, and frankly, I see that as one of the major tasks of our review.

Chairman Nunn. You are going to be in a position of not being the acquisition executive, but you will be in charge of the Defense Management Review. Is there a conflict there?

Ms. Foreman. I do not think so.

As you know, the senior service acquisition executive in the Air Force has traditionally not been the Under Secretary.

Our executive review group includes in its membership the Assistant Secretary for Acquisitions, Jack Walsh; so you will certainly have the benefit of his input and his judgment on all the issues that flow up to the executive group for our consideration, our decision, and our onward recommendation to the Secretary.

So I do not think there is any way in which the executive group will lack for the specific experience and insights of the acquisition executive.

Frankly, I think that participation in the management review simply puts me in an even better position to discharge my across the board responsibilities as the first assistant to the Secretary and to hopefully act in his stead on the occasions when that is necessary.

Chairman Nunn. Are you familiar with the Goldwater-Nichols Act?

Ms. Foreman. Yes, I am.

Chairman Nunn. Based on your current experience and, I guess, your future plans, how do you see the impact of that act on the Air

Force, in terms of particularly the management of the Air Force from the level you will be taking on?

Ms. Foreman. I certainly believe that one of the underpinnings of the entire review that we are engaged in at the moment is to ensure that the Goldwater-Nichols Act recommendations and the other Defense Management Initiatives that came out of the 1986 time frame, including the Packard Commission recommendations, are fully implemented.

So, if we come out of the Defense Management Review exercise—and it is not just an exercise. I should not keep using that word—without having fully implemented not just the letter, which I believe we already have, but the spirit of Goldwater-Nichols and the recommendations of the Packard Commission report, then we would have failed.

So, I see that as integral to everything that the Defense Management Review group is undertaking.

Chairman Nunn. We have a lot of problems in some of the Air Force programs now. The Advanced Tactical Fighter source selections are going to be delayed by 6 months. We have been told that the flight control system for the C-17 is flawed, and that additional delays are quite likely.

The AMRAAM missile recently failed rather completely on its first challenging test shot involving multiple missiles, and so forth.

These are indicators of potentially far-reaching problems in the acquisition system. Do you have any ideas about why we are having this kind of difficulty in major programs so late in the stage of the weapons system development? Maybe this is not unusual. Maybe this is what we should expect.

Ms. Foreman. Well, I do not think I can, across the scope of the programs that you just named, from the perspective of the responsibilities that I have had to date, recount for you precisely the reasons why those slippages have taken place in those particular programs.

But again, when we are talking about the kinds of acquisition reforms, if you will, that we are trying to achieve through the Defense Management Review, there will be a lot of emphasis on cost savings, and I hope there will be some in the near and the long term.

But I think that the real payoff will be in better managed programs, and hopefully some of these cost overruns and time slippages will not occur in the future.

Obviously, when you are working on the edge of technology programs like the ATF, and a number of the other programs that you mentioned, to some degree we are working in an area that is hard to contemplate precisely what the results of the testing will be, and that of course is not outside of our comtemplation when we go in.

That is why we test, and obviously we try to meet the timetables that we set out front, but there are surprises.

Chairman Nunn. Thank you very much, Ms. Foreman. Senator Wilson.

Senator Wilson. Thank you, Mr. Chairman.

Ms. Foreman, the responsibility that you will have as Under Secretary will be a continuum, in some respects, of all the legal problems that you have faced in connection with procurement, and given Dr. Rice's background when he served at RAND, I am certain that this overall problem of procurement is going to have special attention from him and from you.

The questions that the chairman was asking you about the Goldwater-Nichols Act make me wonder if there is already—and this may be a premature question, given the fact that you have not had much time, neither you nor the Secretary—but is there any particular change in procedures that you are contemplating, or that you have tentatively implemented, that will cause a change in the way that the Air Force is doing business on procurement?

You have got such a vast, vast segment of the overall procurement that it would seem to me that given your share of the pie, and the particular background that Don Rice has brought to it, and your own, that you may have developed some special ideas yourselves?

Ms. FOREMAN. Well, let me address it, and I hope this is what you are interested in having me address.

Even without the Defense Mangement Review, I think you are absolutely right that there is no question but that given his background, Don Rice, and given some of my observations from somewhat outside the acquisition community as General Counsel, would have had some strong interest in taking a bottom to top look at our acquisition effort, quite apart from the President's mandate, and Secretary Cheney's mandate as part of the Defense Management Review.

But we do have that mandate. We do have that framework of the Defense Management Review, and I can tell you that pretty much every aspect of now we do business across the full spectrum of Air Force activities, but certainly in the acquisition area, is being scrutinized as part of our review process.

So, we might have in fact, and probably would have looked at some particular items. For example, I have always felt very strongly, as my answer to Senator Nunn's earlier question would reflect, about accountability.

I think it is too diffuse, and I think that we give the people responsibility, but maybe not enough control, and then we are not in a position to hold them accountable for the success of their programs.

So that is the kind of thing that I would have been interested in looking at, quite apart from Defense Management Review.

As it happens, Defense Management Review suggests a much more streamlined function for acquisition, major program acquisition. I am sure you are aware of program manager, program executive officer and service acquisition executive—straight streamlined chain of authority. That is exactly the kind of thing that I think we need, and I guess this is a long answer to a short question, but the answer is, we are going to look at pretty much everything, and hopefully there will be a number of things that will require some adjustment, but I would not think that any of those would be—I think they would be within the spirit of Goldwater-Nichols, and in fact forwarding what I understand to be the spirit of the pact.

Senator WILSON. It is a question that begs for a virtually endless answer, so I do not think that anybody can fault you for that.

Let me just make a point, really an observation.

The question is prompted by what is biting, even a nagging, concern that I have, one that I think is shared by most of the members of this committee.

We are at one and the same time beset with the necessity to strictly monitor the process, not we, this committee of the Congress, but the Government—to assure that we are getting the maximum efficiency and the best price possible from the contractor.

In doing that, in response to what seems to be overall rather isolated instances of fraud or bad management, we have imposed a very rigorous set of procedures that have to do with audits and constant checks.

Not surprisingly, I suppose, virtually every member of this committee has at one time or another heard contractors complain that they have more auditors than employees in their factories. They complain that it costs time and it costs money, and I have to say that I think that has to be the case.

So, we have a real dilemma, an honest dilemma, because we are required in order to achieve accountability to impose a rigorous, maybe even an elaborate, set of check procedures, but at the same time, we are concerned with the high cost of what we are charging the American public for security and specifically for procurement, for acquisition programs.

We are even more concerned, I think, about the fact that the time that is involved in bringing into operation the weapons systems that we will require has grown enormously, and again, the complainants, the defense contractors, say that it is because, in large measure, of the procedures that have been imposed upon us.

There is no simple or easy answer to that question. We all know that. But it just seems to me that that dilemma—the balancing of proper procedures to ensure accountability, and at the same time, the need to try to constantly prod the process—is one that we have spent a lot of time on in this committee. But I think from time to time when we get another $600 toilet seat, or whatever, the immediate reaction is to want to impose new clamps on the whole system.

I think that we need to remember that in time of war, a lot of those things go by the boards. We did an incredible job in the Second World War, largely because of the industrial capability of this Nation. We were able to bring to the field resources that were unimaginable months and certainly years before we actually did it, and we did it with procedures that were very different from those that are in place today.

So that is a rhetorical question, and my time is expired. It just seems to me that that really is something that needs continued attention from us, as well as from you, and you are in a position perhaps to give us guidance.

Ms. FOREMAN. Let me just comment briefly that that, too, is something—that conundrum—is something that we are addressing as part of our management review, and as the report itself suggests, but certainly this is going to have to be a partnership effort with all of you as well.

And your reference to the natural reaction to the $600 toilet seat kind of situation with new legislation and new requirements—a fix to an instant problem that may last much longer than the problem, or potentially reach farther than the initial cause of the incident. I think maybe we have added some things that made sense at the time, but they have never gone away, so we may in fact have a cumulative overlay of requirements and guidance that, as I say, made some sense in an isolated context, but perhaps were a series of Band-Aids that have become more of a problem than what they were trying to remedy.

But that is the kind of thing we are also looking at, both incidentally, not just in terms of statutory requirements, but in terms of regulations that we have imposed on ourselves, some of which we think we are required to do in order to satisfy a statutory mandate, and some of which we have just done because at some time it made sense to do it, or we thought it was nice to have it, or we thought it satisfied some other kind of need.

So we are looking at that, too, with the goal of paring down to the absolutely essential and my hope, at least, is that we will be able to come to recommend to all of you some kinds of balances that will make sense and that will assure us that we are discharging our responsibilities without adding problems.

Senator **Wilson**. Thank you very much.

Thank you, Mr. Chairman.

Senator **Exon** [presiding]. Thank you, Senator Wilson.

I would be glad to yield now to my colleague from Michigan who had one question that he would like to get in.

Senator Levin.

Senator **Levin**. Thank you, Mr. Chairman, so much for yielding for just one moment.

Ms. **Foreman**. Good morning, Senator.

Senator **Levin**. I welcome again our nominee, and congratulate her on her nomination here. I wish her all the best.

Ms. **Foreman**. Thank you very much.

Senator **Levin**. The question I have has to do with the use of Defense Department lawyers in the war against drugs by shifting them out of the Defense Department to the U.S. Attorney's Office.

I read in the paper this morning that that is what is going on, and given your current position, I thought you might know something about it.

Ms. **Foreman**. I have to tell you, I do not have a clue. But needless to say, the Defense Department and Secretary Cheney are very interested. Being forward leaning, I think, is his phrase in the drug effort—doing everything that is appropriate and legal for the Department to contribute toward the effort.

That lawyers were something that he thought of contributing had not reached me. So I am sorry, but I really just do not know.

Senator **Levin**. Thanks.

Ms. **Foreman**. Yes, thank you.

Senator **Exon**. Thank you, Senator Levin.

I want to again welcome you and thank Senator Wilson for coming in and introducing you this morning, Ms. Foreman.

Ms. **Foreman**. Thank you, Senator.

Senator **Exon**. Speaking as one member of the committee, I am particularly pleased with your background, your experience, and this is an excellent appointment. You will have my support as we move forward, and I am looking forward to the relationship that we will have——

Ms. **Foreman**. Thank you very much.

Senator **Exon** [continuing]. Over the next several years in trying to solve many of these problems that we have, and your background and experience are going to help.

Given that background and experience, and it seems to me that you are a take-charge type of person, I would like to ask you a little bit more about the advanced technology fighter that was touched on briefly with your previous responses.

As you know, the advanced technology fighter was designed to have the Air Force and the Navy get together and come up with a joint fighter plane that would be acceptable to both, thereby giving us a new fighter that we need, while keeping the cost down.

It seems, though, that much of that cooperation and understanding is breaking down. I do not know that there is a complete breakdown yet, but we understand things are not going very well in that particular area.

Given the constraints of the budget, and the fact that I am concerned that we will not have the funds in the future for two separate and distinct fighter planes, one for the Navy and one for the Air Force. If you agree with that, which I expect you do, what chances do you think there might be to get this joint venture back on track, and what are the possibilities, in your opinion, of doing that?

Ms. **Foreman**. Well, I would certainly agree with you that that is a worthy goal, and I would be very disappointed to think that it was not one that was accomplishable.

I have not personally been deeply involved in this issue heretofore, but I expect that I will be. I certainly know that it is an issue of concern to the committee, and I can certainly commit to you that I will get involved, and that I will do what I can to put it back on track.

I hope that it is not—my sense is that perhaps it is not as seriously off-track as you all may perceive, but we will—I can tell you that we will work actively to try to assuage your concerns, and deal with the issues that you think would suggest that we are not where we need to be.

Senator **Exon**. Well, thank you.

I really think this advanced technology fighter, and the concept, is such an attractive one if we can work it out.

Ms. **Foreman**. It is terribly important to the future of our tactical forces.

Senator **Exon**. And I would hope that when you assume your position that you might see what you could do to bring about some better understanding and smooth that out more than I think it is smoothed out right now.

One other question. Given your history in foreign affairs, and your education and your knowledge of defense, what are your thoughts on the proper role for the armed services in toto with regard to the war on drugs?

Ms. **Foreman**. I have to tell you that I think that the current contributions, and particularly the Air Force contributions to the war on drugs, that is to say, the use of our reconnaissance aircraft and a number of our dedicated missions—is entirely appropriate, and useful. As you know, for some period of time, we have been engaged in that effort, and we should be as much as possible.

I also think that the bottom line in the existing posse comitatus legislation and what I know has been reinforced in each of the amendments to Title 18 in the last number of years—that precludes the military forces from hands-on law enforcement activities, that is to say, things like search and seizure, arrest—is well guided.

I think that from a historical perspective, it makes sense. It is not an accident that this country has separated its law enforcement and military functions. In fact, I think that blurring the line in Latin America might be particularly ironic, in the sense that if anything, I think that part of the world has been disadvantaged by military involvement in civilian control.

I think we should be encouraged, incidentally, that the military in this country resists that involvement, rather than the contrary, which from a broader historical perspective would more often have been the case.

Having said that, I also think on a practical level that training our warriors, or engaging our young people who are trained to be warriors, in law enforcement, hands-on law enforcement, is also ill-advised.

That is my personal view, but I think that it is hard enough for us to train our law-enforcement experts in the demands of the Constitution and the fourth amendment, and this would apply really more perhaps to the Army than to the kinds of missions that the Air Force performs, but if we had young troops who were trying to talk to their lawyer before they fire, that is not good news.

And I think we could have some tragic situations, and also some denigration of our military mission.

Having said that, obviously, I believe that the war, if you will, on drugs, and the threat of the drug problem to our country is as serious as everyone obviously realizes that it is, and that we have resources that are very appropriate to lend to the fight. We should do that, and we should continue to be as creative as we possibly can in contributing to the effort.

But I personally would not cross that line. I think that would be a big mistake.

Senator EXON. I would certainly agree with the general thrust or thesis of what I understood you to say in response to my question, that we do not want to make law enforcement officials out of the military.

I am looking at a little broader perspective than that, and I am fearful that our military services have a basic feeling of disdain, if you will, for this type of an operation. They are not particularly trained for what I would like to see them do in this area.

Maybe we could change it around a little bit. Maybe we could challenge the Navy and the Air Force, particularly, to put more drug interdiction efforts in their exercises.

Ms. FOREMAN. Actually, for some time the Air Force, as appropriate, has tried to work with the other civilian agencies involved in the drug enforcement effort to structure our training exercises in such a way—obviously, we have always had, or over some period of time have had some missions dedicated to the other civilian agencies involved in the drug effort.

But we also have tried to tailor our training exercises to address some of their needs as well. We have done that, but I absolutely agree that we should be as creative as possible to do as much of that sort of thing as we possibly can.

And, as I say, up to that line, the law enforcement line, I think that we need to be creative. I do not think that there was ever disdain. I think there was caution, and as I say, I think from a historical standpoint, we should be somewhat relieved that there is that caution in our military leadership.

But I think that was yesterday, and that you have a very enthusiastic interest in doing everything we can to add to the drug war, if you will. I can tell you that that is how Secretary Cheney feels about it, certainly, from my exposure to his expressions of interest in the issue. And we will be there doing what we can to contribute.

Senator **EXON**. While I recognize that the Navy cannot intercept every fishing boat everywhere, and likewise that the Air Force cannot be charged with the direct responsibility or blame for every low-flying aircraft that comes into the United States illegally, I am only calling for a better effort. If you could get drugs into this country by air and sea, and if they cannot be stopped by the Navy, and they cannot be stopped by the Air Force with the resources at their command, then I think that that might point out that that presents another type of threat to the United States of America.

I think maybe we should be challenging the Air Force and the Navy to be a little more innovative than they have in the past in this area. That is the point I am making.

Ms. **FOREMAN**. We certainly take your point.

Chairman **NUNN**. Thank you very much, Ms. Foreman. There are no further questions now. There very likely will be further questions for the record, and if you would respond to those as quickly as you can, we would appreciate that very much.

With that, thank you for your appearance before the committee this morning, and we wish you well.

Ms. **FOREMAN**. Thank you so much.

Chairman **NUNN**. Thank you.

[Whereupon, at 10:23 a.m., the committee was adjourned, to reconvene at 10:23 a.m., this same day.]

[Prepared questions submitted to Anne Newman Foreman by Senator Nunn prior to the hearing with answers supplied follow:]

SEPTEMBER 13, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of September 5, 1989 and the opportunity to share my views on a number of important defense policy and management issues. Answers to specific questions are provided at the enclosure.

I appreciate the opportunity to have appeared before you and the courtesies you extended to my family and me. Please let me know if I can be of further assistance.

Sincerely,

ANNE N. FOREMAN.

RESPONSIBILITIES OF THE UNDER SECRETARY

Question. Section 8501 of title 10 U.S.C. states that "the Under Secretary shall perform such duties and exercise such powers as the Secretary of the Air Force may prescribe." What will be your primary responsibilities as Under Secretary of the Air Force? What responsibilities will you be assigned by the Secretary?

Answer. If confirmed as Under Secretary, I will take a broad-gauge view of the Air Force and provide the leadership to ensure that our eyes, as an institution, are focused not just on the moment but on the outyears of this century and beyond. I will be working on the many aspects that will challenge us in the future to include the threat environment, and how we will meet that threat; our scarce financial resources and how we will distribute them; and most importantly, how to recruit, train and retain the high-quality men and women needed to fulfill the Air Force mission into the next century.

Like Secretary Rice, I will be contributing to the broader defense management team, working the challenges involved in managing the defense procurement system, addressing our difficult budget decisions and working with other component agencies of the national security community.

In addition to my general management responsibilities, Secretary Rice has asked me to take a hard look at several particular areas and to work several specific projects. I will serve as Co-Chairman of the newly-chartered Defense Management Review (DMR) Executive Group which will be spearheading and overseeing the top-to-bottom management review launched by the Secretary of Defense's July 1989 Report to the President on Defense Management. I will be closely examining all of our programs in the manpower and installations field. Additionally, I will be providing leadership to the Inspector General, Auditor General and legal communities which are so vital to the success of the Air Force management team and taking a particular interest in acquisition and procurement integrity. Secretary Rice has also asked me to review the Air Force's international functions and bring my experience in foreign affairs to bear on issues of concern to the Air Force.

ALTER EGO TO THE SECRETARY OF THE AIR FORCE

Question. The Under Secretary will, of course, perform the functions of the Secretary in the event of the absence or disability of the Secretary. What steps would you take to ensure that you will be attuned to and capable of representing the views of the Secretary on the myriad of issue that might arise under these circumstances?

Answer. Because my major responsibility as Under Secretary is to work the broad range of issues that face the Air Force, I believe I will be well prepared to perform the functions of the Secretary in his absence. As Co-Chairman of the DMR Executive Group, my duty to spearhead and oversee the Air Force's implementing of DMR recommendations will keep me well abreast of our major managerial issues. We have recently restructured the charter of the Air Force Council to include participation by myself and other senior civilian leadership. The Air Force Council reviews and evaluates Air Force objectives, policies, plans, problems and studies to make timely senior leadership recommendations to the Secretary and Chief of Staff of the Air Force. As a matter of normal procedure, I will coordinate on and evaluate decision packages and decision briefings that go to Secretary Rice. In addition to our discussions at our regularly scheduled staff meetings during the week, Secretary Rice and I plan to meet at least once one-on-one each week to discuss and resolve the issues at hand. We will, of course, have less formal, regular contacts in the course of day-to-day operation of the Department of the Air Force.

RELATIONSHIP TO ASSISTANT SECRETARIES

Question. What will be your relationship to the Assistant Secretaries of the Air Force?

Answer. I will be working very closely with the Assistant Secretaries to ensure that first and foremost the Air Force Secretariat functions cohesively and effectively as a team. In discharging my broad responsibilities of Air Force issues, the Assistant Secretaries will keep me informed of their major issues and problems. In addressing my areas of special interest and concern I will, of course, be asking for specific information from the Assistant Secretaries. I will encourage dissenting views in our discussions and be as accessible as possible to the Assistant Secretaries at all times. I expect that my experience as Air Force General Counsel and in previous foreign affairs positions will be of assistance to the other members of the Air Force Secretariat.

MANAGEMENT SKILLS

Question. No matter what specific responsibilities are assigned to you as the Under Secretary of the Air Force, you will have a major role as a senior manager and leader within the Department of the Air Force. How would you assess your management and leadership skills?

Answer. The positions I've held have given me experience, and taught me lessons, that an effective Under Secretary requires. My work as the Air Force General Counsel and in previous Federal Government positions should prove to be of particular value.

Supervising 24 attorneys in my immediate office, and serving as the final legal authority over the work of hundreds of attorneys in the field, have been valuable management challenges in themselves, but the primary benefit has been the opportunity to get to know my client—the Air Force.

A major task of the Under Secretary is to help manage needed change to be sure that the Air Force and its structure are aligned best to meet the threat and are adjusted to fiscal realities. Resolving the legal issues that have come from every facet of the Air Force has given me a valuable perspective on the Air Force and its needs.

The most important leadership lesson is a recurring one—people make the difference, people are the critical element. I intend to emphasize that military service is important public service, and will work to carry out within the Air Force one of the key priorities of Secretaries Cheney and Rice—maintaining the training, readiness and quality of life of our personnel.

ROLE IN THE ACQUISITION PROCESS

Question. What role will the Under Secretary of the Air Force play in the acquisition process for the Air Force? If you are not going to be appointed as the service acquisition executive, what role will you play in supervising the activities of the service acquisition executive and the acquisition process?

Answer. The Air Force has assigned Assistant Secretary Jack Welch as the Service Acquisition Executive, and as such he can focus all his energies on the management of Air Force acquisition. If confirmed as Under Secretary, I will be involved in other aspects of Air Force acquisitions such as being the appeal authority for procurement fraud cases brought by the Air Force under the program Fraud Civil Remedies Act. As appellate authority, I will be able to affirm, reduce, reverse, compromise or settle any penalty or assessment against contractors on Air Force procurements. My holding this position will preclude the attention of the Service Acquisition Executive being diverted from his primary role of actively managing on-going acquisitions. Because of my extensive experience in procurement integrity, and my significant involvement as Co-chairman of the DMR Executive Group, I expect to remain closely attuned to acquisition issues and influence resolution of those issues as we implement the changes of the DMR.

MOST SERIOUS PROBLEMS

Question. In light of your recent experience as General Counsel of the Air Force, what do you consider to be the most serious problems in the management and operation of the Department of the Air Force? What role will you have in addressing these problems?

Answer. The most serious management problems facing the Air Force revolve around the uncertain fiscal environment. This fiscal uncertainty affects virtually all of our activities—ranging from force structure to modernization, and from sustainability to people programs. Secretary Rice has said that: "the United States cannot afford to buy less defense capability than it needs; neither should it pay more than necessary for that level of capability it chooses to buy." To provide the taxpayers the value they deserve, in an area where we are wrenched by the effects of fiscal constraints on the one hand and by dynamic world events on the other, demands efficient planning and resource allocation—processes which are strongly influenced by budget stability. I will work closely with Secretary Rice to enhance efficiency within the Department of the Air Force. Our DMR Executive Group is committed to a total effort to improve the Air Force.

DEFENSE REFORM

Question. Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low intensity conflict reforms?

What do you understand the role of the Air Force Secretariat to be under the Goldwater-Nichols Act, as amended, relative to the unified and specified combatant commands? What leadership role will you be assigned to ensure the full and timely implementation of these reforms?

Answer. I certainly do support the defense reforms mandated in 1986. I am committed to fully comply with the letter and the spirit of the statutes, including those relative to special operations and low intensity conflict. I understand the role of the Secretary of the Air Force relative to the unified and specified combatants to be one of acquiring systems for, training, equipping, and manning the Air Force components assigned to those commands. I would intend to play a strong role supporting Secretary Rice in the implementation of the defense reforms. One of the primary purposes of the DMR is to develop a plan to ensure implementation of the recommendations of the Packard Commission.

INTELLIGENCE OVERSIGHT (GENERAL)

Question. The intelligence function is one of the most important functions of the military departments and one which requires a significant level of supervision and oversight. Do you expect to play a role in overseeing the intelligence function and, if so, what steps will you take to ensure that the oversight is carried out properly?

Answer. The Under Secretary of the Air Force, as the principal assistant to the Secretary, acts with the power and authority of the Secretary on Air Force matters. The intelligence function of the Air Force is indeed a vital part of the Secretary's duties, and I expect to assist him. The Secretary is charged under Title 10, United States Code, with the effective supervision and control of Air Force intelligence activities and under E.O. 12333 and E.O. 12334 with insuring the lawful and effective collection, retention and dissemination of foreign intelligence and counterintelligence. Senior officials of the intelligence community are further charged with reporting to the Attorney General and to the President's Intelligence Oversight Board possible violations of federal criminal laws. As General Counsel of the Air Force, I am currently responsible for providing oversight and legal advice to Air Force intelligence components and I serve as a Member of the Air Force Intelligence Oversight Panel. The experience gained as General Counsel in these areas will be very useful to me as the Under Secretary.

INTELLIGENCE OVERSIGHT (OPERATIONAL ACTIVITIES)

Question. There have been media reports that the Commander of the Special Operations Command is establishing an intelligence oversight office similar to the one within the Army Secretariat. If Air Force personnel assigned to the Special Operations command perform intelligence activities, what role, if any, will the Air Force Secretariat play in the oversight of such activities.

Answer. Air Force personnel who are assigned to a unified or specified command are under the operational command and control of the commander-in-chief of that command. The Secretary of the Air Force is responsible for the administration and support of those forces which he shall train, equip and assign to such commands. For intelligence officers, such training includes intelligence oversight requirements, procedures and restrictions.

FOCAL POINT FOR INTERNATIONAL PROGRAMS

Question. In the past the Under Secretary has been the focal point for the Air Force for international programs. Is that role still envisioned for the Under Secretary? If so, what experience have you had concerning the NATO cooperative Research and Development program? How would you assess its performance to date, and what changes if any would you recommend to improve the program so that it can better meet the needs of the Air Force and our national security?

Answer. At Secretary Rice's direction, I will be very active in Air Force international affairs—the full range including Status of Forces Agreements, security assistance, base rights, attache affairs, and collaborative R&D programs. I will draw on my experience as General Counsel which heightened my awareness of and appreciation for cooperative defense efforts.

The Air Force supports cooperative R&D programs. Using Nunn Amendment money we've initiated programs like the Advanced Avionics Architecture (standardized modular avionics), Agile Falcon (F-16 derivative) and the NATO Identification System (Identification Friend or Foe).

On the subject of international cooperative projects in general, I'd like to add that collective security arrangements with our friends and allies are an essential aspect of our National Military Strategy. If confirmed, I will push for increased contact and cooperation with friendly foreign air forces. This cooperation and contact is vital if we are to maintain stability throughout the international community, protect American interests around the world, and preserve our capability to wage coalition warfare.

DEFENSE MANAGEMENT REVIEW

Question. What are your current responsibilities with respect to implementation of the Defense Management Review? What will be your responsibilities with respect to the Review if confirmed as Under Secretary?

Answer. DMR is, and is not, several things. It is not a pencil whipping exercise; it is a long term process, and commitment, to assuring excellence in our institution. It is not just a top-down review; it is also a set of bottom-up initiatives It is not an effort to identify short-term savings only; it is an effort to find savings wherever we can, over whatever period. It is not driven only by dollars; where we find a smarter way to do business, we'll do it even if specific savings can't be pegged to it. And it is not limited to acquisition issues; it goes across the spectrum of the Air Force from training to maintenance to regulations.

Secretary Rice has designated me as Co-Chairman of the Air Force DMR Executive Group with General Hatch, the Vice Chief of Staff, and I will continue to fulfill this role if confirmed. We provide day-to-day supervision of the various Air Force task forces and the Air Force involvement in DoD task forces. Our charter is to ensure full support of DMR implementation is achieved. As part of that, we will review and provide for the approval of the Secretary and the Chief of Staff implementation plans for submission to the Department of Defense, and provide long term oversight to ensure coherent execution of those plans.

The Air Force is fully committed to meeting both the letter and spirit of the Defense Management Report. Secretary Rice has broadened the challenge to find opportunities for streamlining throughout the entire Air Force structure. And, I am pleased to report, the challenge has been taken up. The dedication and enthusiasm and careful thought I see in the reports to the Executive Group, the initiatives submitted by all the major commands, even the phone calls and letters I get from people asking how their ideas can be considered—all tell me the Air Force commitment has been felt throughout the organization.

DEFENSE MANAGEMENT REVIEW

Question. What are the significant issues in the Defense Management Review that the Air Force is addressing with respect to: (1) matters on which reports are due to the Office of the Secretary of Defense; (2) matters on which the Air Force is participating in joint committees that will make recommendations at the OSD level; and (3) matters that will be addressed within the Air Force without prior approval by OSD? (With respect to each of these three issues, please describe the timetable for completing the action that has been assigned to the Air Force or Air Force representative.)

Answer. We have reviewed our proposals (the Report) carefully to ensure the Air Force meets the deadlines assigned. The Air Force is currently developing plans for implementing clean lines of authority, for establishing an acquisition specialty corps, and preparing recommendations for specialized acquisition training. We are also revising our Program Executive Officer structure. For each of these, we will provide the appropriate report or plan to the Secretary of Defense on October 1. Each will follow its own unique implementation timetable, but I can assure you as Co-Chairman of the Executive Group that each will move out expeditiously.

The Office of the Secretary of Defense has initiated a number of task forces or joint committees to address issues at the OSD level. The Air Force has provided expert representatives to each of the committees, to participate fully and support their goals. Each of the OSD committees has its own taskings and milestones for completion. For example, the Air Force has provided seven experts on contract management to the Defense Contract Management Agency Task Force. The task force plans to report to the Secretary of Defense by October 2, but any milestones for implementation beyond that depend on the Secretary's decision. In the case of the Joint OSD-DoD Component Regulatory Relief Task Force, we have provided two people to participate directly, and have formed a subpanel within the Air Force to address our internal regulations. Their timeline calls for review and report on contract clauses by September 15, on other guidance by November 15, with continuing support as the proposed changes are approved for implementation. As you can see from these two examples, the entire schedule is very busy and very complex.

There are also matters for which the Air Force has initiated study without OSD tasking, and which, if beneficial, the Air Force will implement internally. Some of these are derived from the specific DMR taskings; these are areas where we believe we must go further than the "letter of the law" to achieve genuine streamlining and management efficiencies. Some were directed by Secretary Rice for evaluation for potential savings. Others—over 300 of them—have been submitted in response to a call by Secretary Rice for the commands to look inward and consider how they might support the mission more effectively—leaner and meaner, one might say. Some have come from action officers, people in program offices, in letters and phone calls volunteering ideas.

Each idea will be reviewed by one of the tasks forces, and evaluated for benefits, savings, and effect on the mission. Some ideas will quickly prove out and be implemented; others may take many months to evaluate, and then be approved and implemented over a number of years. Some just won't turn out to be good ideas. Each, of course, will have its own schedule for in-depth review and implementation.

DEFENSE MANAGEMENT REVIEW

Question. What specific goals (e.g., dollar savings, personnel reductions, or other efficiencies) have been assigned to the Air Force as part of the Defense Management Review?

Answer. No specific goals for savings or personnel reductions have been assigned to the Air Force to date. We are working very hard to assess the savings that will result over the long-term from the various initiatives under evaluation. We recognize the fiscal realities, and want to ensure we spend the money entrusted to us as effectively as possible. Secretary Rice's goals, and mine, if I am confirmed, are to eliminate the low value-added activities to protect the things we hold dear—our combat capability, and the modernization of the forces to support the future of that capability.

DEFENSE MANAGEMENT REVIEW

Question. What specific structure has been established by the Air Force for monitoring the development and implementation of actions related to the Defense Management Review?

Answer. I've already mentioned the Executive Group which I co-chair with General Hatch. That group has established a series of task forces and panels to respond to all the taskings of the DMR and to pursue the initiatives of the Report, OSD, and the Air Force. We meet several times a week to review the activities of each panel and the Air Force involvement in the OSD level task forces. We have assigned two Review Directors to manage on a day to day basis the efforts of the groups. One is focusing on the acquisition-related efforts, and the other is focusing on the Air Force-wide initiatives I mentioned earlier.

As initiatives mature into recommendations and proposed implementation plans, they will be presented to Secretary Rice for approval. The Executive Group will then monitor the implementation and provide periodic status reports as appropriate. Actual implementation, of course, will be directed to the controlling organizations.

"M" ACCOUNT

Question. There has been a great deal of confusion surrounding the Air Force's uses of lapsed funds. Would you describe the legal authority for the use of these lapsed or "M" account funds and the process within the Air Force for review of decisions at the project manager level that such expenditures are within the scope of the original contract?

Answer. Lapsed funds are amounts transferred into a merged or "M" account from appropriations which are no longer available for new obligations, but which remain available for obligations that apply to the period of the original appropriations. 31 U.S.C. 1552. The funds in this successor or "M" account are available indefinitely to liquidate obligations properly incurred against any of the appropriations from which the account is derived. 31 U.S.C. 1553. If the contracting officer determines that the work required by a proposed contract modification is within the general scope of the original contract, the funding can be supplied out of the same appropriation used to fund the original contract award.

This determination is a judgment made by the contracting officer with the advice of an attorney-advisor, based on a review of the terms of the contract as awarded and the terms of the contract as changed. In the event that the change is in excess of $100,000 and is to be funded out of the "M" account, chap. 25, para L of the DOD

Accounting Manual (DoD 7220.9-M) requires the approval of the Secretary of the Air Force. The Secretary has delegated this authority to the Assistant Secretary of the Air Force for Financial Management.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

RESPONSIBILITIES

Senator THURMOND. Although you are extremely well qualified in the international and legal arenas, you appear to have little experience in weapons systems or the procurement areas. Since both of these are normally the responsibilities of the Under Secretary, have there been any changes in your responsibilities from those of your predecessor?

Ms. FOREMAN. Initially, Secretary Rice assigned me to co-chair the Air Force Defense Management Review Executive Group, charged with developing the Air Force portion of the DMR. The major focus of our work has been, and will continue to be, developing the best, most cost effective acquisition process. Historically, the primary responsibility for weapons system development and procurement in the Air Force is assigned to the Assistant Secretary for Acquisition. Continuing that approach will ensure a strong focus on the management of Air Force acquisition. I anticipate having a major role in that process as well.

As Under Secretary, I will also function as the appellate authority for procurement fraud cases brought by the Air Force under the Program Fraud Civil Remedies Act. This approach makes considerable use of my legal experience. With these two roles and my extensive background in procurement integrity, I expect to remain closely involved in acquisition issues and influence resolution of those issues as we implement the changes set forth in the DMR.

As regards my predecessors' portfolios, most previous Under Secretaries of the Air Force have had primary responsibility for Air Force Space programs and special access programs, which have taken a significant portion of their time. As the Secretariat has been organized by Dr. Rice, however, an Assistant Secretary for Space will discharge these duties, leaving the Under Secretary free to concentrate on a full range of Air Force issues.

QUALIFICATIONS

Senator THURMOND. Assuming that you will be confirmed as the Under Secretary of the Air Force, what do you anticipate your major challenge will be for the coming year?

Ms. FOREMAN. Implementing the Defense Management Review and dealing with the increasingly stringent fiscal environment are two high priority challenges that are closely related. Successfully implementing the streamlining initiated by the DMR should considerably enhance our ability to deal with fiscal constraints. However, any success we might achieve will be a direct function of the willingness of the Congress to support the proposed changes, and its recognition that change takes time and sometimes short-term start-up costs to achieve genuine savings. I pledge my most earnest effort to achieving an effective and efficient Air Force, and I solicit your support in getting there.

PROCUREMENT

Senator THURMOND. During numerous hearings over the past 6 months, witnesses have suggested that one of the ways to save on defense funding is to assign more missions to the Reserves. In your opinion can the Air Force Reserve assume any more missions and what benefits do you see for this realignment?

Ms. FOREMAN. In the process of implementing the Defense Management Review we continually examine cost saving methods. Some of the initiatives under consideration involve the possibility of moving missions to the Reserves. This subject is very complex, and we are working hard to explore all its ramifications. For example, how much would Reserves cost increase? How much would training requirements increase? What would the impact be on the active duty pool that supports the reserves? The question is always whether any perceived savings are real and sufficient to offset the cost/drawbacks of a particular decision.

RESERVE FORCES

Senator **Thurmond**. Both the B-2 and the C-17 programs have been criticized for running behind schedule because of their high cost. Have you had an opportunity to review the programs and if so do you have any recommendations on how to refute the critics of these programs?

Ms. **Foreman**. I participate in reviews of the problems and progress of both the B-2 and the C-17 programs. While there has been some delay in both programs, we must remember that systems that incorporate the newest technologies by their very nature will encounter unexpected problems. We are responsible for managing those problems, developing alternative strategies for resolving them and carefully making the best choice for the nation in light of all relevant factors, including the fiscal environment. We are continuously involved in that process, particularly when the program involves large budgets as is the case for the C-17 and the B-2.

I am also involved through the DMR implementation activities, in studying our acquisition problems to determine how we can strengthen it and to minimize problems in developing programs. As we discover better ways to do business and train our acquisition managers, we hope to identify development problems at the earliest possible stage and resolve them quickly, at the lowest program level.

[The nomination reference of Anne Newman Foreman follows:]

Nomination Reference

As in Executive Session,
Senate of the United States,
July 17, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Anne Newman Foreman, of Maryland, to be Under Secretary of the Air Force, vice James F. McGovern, resigned.

[The biographical sketch of Anne Newman Foreman, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Anne Newman Foreman

PROFESSIONAL EXPERIENCE

Department of the Air Force

General Counsel.—November 1987 to present.

Final legal authority for all matters arising within or referred to the Air Force, except matters involving military justice. Supervises immediate staff of 35. Responsible for providing legal advice regarding, *inter alia,* procurement/acquisition, environmental, real property, fiscal, personnel, communications, intelligence and security assistance matters. The General Counsel represents the Secretary of the Air Force in matters relating to the negotiation of international agreements affecting the Air Force, advises the Debarment and Suspension Review Board, and serves as a Member of the Intelligence Oversight Panel.

Recipient of Air Force Distinguished Civilian Service Medal for performance in connection with above responsibilities.

The White House

Associate Director for National Security, Office of Presidential Personnel.—February 1985 to November 1987.

Prepared final options and recommendations for the President concerning all Presidential appointments at the following Federal agencies: Department of State (including Ambassadors); Department of Defense (including Army, Navy and Air Force); CIA; NASA; AID; USIA; ACDA; Peace Corps; Veterans Affairs; and the Selective Service.

Position required strong policy background and involved extensive inter-agency and intra-White House negotiation/coordination as well as regular contact with Members of Congress, high government officials and leaders of industry.

Bracewell & Patterson, Washington, D.C.

Attorney.—December 1980 to February 1985.

Senior litigation associate engaged primarily in federal regulatory, government contracts and international trade matters; major commercial litigation before federal district courts, District of Columbia Superior Court and Court of Appeals and the Armed Services Board of Contract Appeals.

Law Clerk.—February 1979 to December 1980.

Worked 20-25 hours per week throughout law school. Researched and drafted legal memoranda, opinion letters, various pleadings and client correspondence.

Boodle, Hatfield, Co., Solicitors, London, England

Summer Associate.—May to September 1980.

Duties roughly equivalent to British "Articled Clerk" with emphasis on European Economic Commission (E.E.C.) competition and intellectual property law. General familiarity with British judicial system and E.E.C. law.

United States Department of State

Economic Officer.—January 1976 to September 1977.

United States Mission to the United Nations; United States Delegate, 31st Session, U.N. General Assembly; U.S. Delegate, 60th Session, U.N. Economic and Social Council; Responsibilities included, negotiation, reporting/cable drafting, interpretation/translation and related representational responsibilities.

Political Officer.—January 1973 to January 1976.

United States Embassies, Beirut, Lebanon and Tunis, Tunisia: Staff duties; Arabic Language and Middle East Area Training.

EDUCATION

Juris Doctorate, 1980

The American University, Washington College of Law Washington, D.C.: Law Review. 1978-1979: Selected on the Basis of Grades; Cum Laude; Graduated in 2½ years while working 25 hours per week at law firm.

Master of Arts (History), 1975

University of Southern California, Los Angeles, California: GPA: 4.0; Teaching Assistant in American Civilization, Constitutional History, Diplomatic History.

Bachelor of Arts, 1969

University of Southern California, Los Angeles, California: GPA: 3.7; Phi Beta Kappa; Magna Cum Laude; Double Major in French Language, American History.

LANGUAGES

Arabic: Fluent "4" Level State Department Certification Speaking, Reading (1975 evaluation).

French: Fluent, Speaking, Reading, Writing (1972 evaluation).

PERSONAL

Date of Birth: October 16, 1947.

Travel: Extensive in Europe, Middle East, Far East, North Africa.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial, and other information of the nominee. The form executed by Anne Newman Foreman in connection with her nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

Part A—Biographical Information

Instructions to the Nominee: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Anne Newman Foreman.

Anne Elizabeth Newman (maiden name).

2. **Position to which nominated:**

Under Secretary of the Air Force.

3. **Date of nomination:**

July 17, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

October 16, 1947.

Hollywood, California.

6. **Marital Status:** (Include maiden name and wife or husband's name.)

Married: Dennis Irwin Foreman.

7. **Names and ages of children:**

Victoria Anne Foreman (Troy) (5½).

Thomas Graham Foreman (2½).

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Glendale High School, 1962-65, Diploma, 1965.

University of Southern California, 1965-69, B.A., 1969.

University of Southern California, 1971-72, M.A., 1975.

American University, Washington College of Law, 1978-80, J.D. (degree granted), 1980.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Political Officer, U.S. Department of State, Washington, DC, Beirut, Lebanon, Tunis, Tunisia, 1973-1976.

Economic Officer, U.S. Department of State, U.S.U.N., U.S. Delegate, 31st Session, U.N. General Assembly; U.S. Delegate, 60th Session, U.N. Economic and Social Council, 1976-1977.

Attorney, Bracewell & Patterson, Washington, DC, 1979-1985 (1979-80, Law Clerk).

Associate Director, The White House, Presidential Personnel, 1985-1987.

General Counsel, Department of the Air Force, 1987-present.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, District of Columbia Bar Association.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

1988—George Bush for President, $250.00.

1988—George Bush for President, $200.00 (with husband).

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Phi Beta Kappa.

Received B.A. magna cum laude.

Teaching Assistantship (Fellowship), University of Southern California, Department of History.

Law Review (1 of 9 students out of 300 selected on the basis of grades), The American University, Washington College of Law.

J.D. cum laude.

Air Force Distinguished Civilian Service Medal.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

Although I have delivered a number of speeches during my tenure as General Counsel, I habitually speak from handwritten note cards which I have not retained.

17. **Selection:** (a) Do you know why you were chosen for this nomination by the president?

I believe that Secretary Cheney and Secretary Rice recommended me to the President because it was their view that my diversified background, including service in the State Department, the White House and the Department of Defense, as well as in Washington law practice is well-suited to the responsibilities of this office.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe that my government experience has given me a broad familiarity with foreign policy and defense issues, together with extensive experience in choosing high-level managers with national security backgrounds. In addition, I have considerable familiarity with the problems of the Air Force because of my service there, and a strong legal background which gives me the ability to effectively analyze those issues and the institutional context in which they occur. Certain aspects of my government service have involved classified programs and activities. For additional background, I would refer members of the committee to the letter submitted by Secretary Cheney which discusses my work on such matters.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Anne Newman Foreman.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any invesments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

ANNE NEWMAN FOREMAN.

This 14th day of July, 1989.

[The nomination of Anne Newman Foreman was reported to the Senate by Senator Sam Nunn on September 20, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on September 21, 1989.]

NOMINATION OF ANTONIO LOPEZ, TO BE ASSOCIATE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY

THURSDAY, SEPTEMBER 7, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:23 a.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon presiding.

Committee member present: Senator Exon.

Committee staff members present: Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; and Christine C. Dauth, chief clerk.

Professional staff members present: John J. Hamre and T. Kirk McConnell.

Minority staff member present: Patrick A. Tucker, minority staff director and counsel.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Terrence M. Lynch, assistant to Senator Shelby; Dudley L. Carlson, assistant to Senator Wilson; and Charles G. Pearcy, assistant to Senator Lott.

SENATOR J. JAMES EXON, PRESIDING

Senator EXON. Colonel Lopez, if you would come forward now at this time.

We welcome you back before the committee once again. I would like to ask that you proceed at this time with any opening statements you have, and then we will go to questions.

STATEMENT OF ANTONIO LOPEZ, OF TENNESSEE, TO BE AN ASSOCIATE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY

Mr. LOPEZ. Thank you.

Thank you very much, Senator.

Mr. Chairman, I would like to express my deep appreciation to your colleague, Senator Wilson, for his gracious support, as well as to my son and my many friends who have been supportive of my efforts.

But most important, I am grateful for the opportunity to appear before your committee.

I consider the President's nomination of me to this post to be a great honor. It is one which I intend, to the best of my ability, to live up to, if I am confirmed.

Mr. Chairman, I understand the serious responsibility of this job, since the role of this directorate is so directly related to saving lives and to ensuring the continuity of our constitutional form of government during grave emergency.

Our founding fathers, in drafting the Constitution for the fledging republic, stipulated that the Government's primary responsibility is to ensure domestic tranquility and provide for the common defense. The Federal Emergency Management Agency (FEMA) is mandated by law to prepare for, develop, coordinate, and implement life- and property-saving measures in response to natural and man-made disasters. It is a vital part of an inter-agency, multi-governmental, multi-disciplinary, broad-based effort to fulfill this first and most important of the constitutional convenants.

If confirmed as Associate Director of the National Preparedness Directorate, I will devote whatever time and effort is needed to promote the highest standards of pride, professionalism and integrity in the daily work of the directorate. This will be my highest priority.

During this period of fiscal restraint, I will seek out every opportunity for maximum effective use of all resources entrusted to my stewardship. I will be honest and straightforward in my dealings with this committee and other Members of Congress.

I intend to vigorously support the President and the Director of FEMA in the implementation of emergency preparedness policies and programs, and to carry out the congressional mandate for the agency.

Mr. Chairman, I would like to close my statement by acknowledging two people who could not be here today. The first is my loving wife of over 32 years, Ruth, who will not arrive here until Sunday afternoon.

The second is my 85-year-old father in Los Angeles, who came to this country over 60 years ago, illegal, illiterate, penniless. He stayed in this country, raised a family, joined the Army in World War II, and became a citizen, a very fine citizen.

Today, his sons and grandchildren have all followed successful careers. Only in this country can a little brown boy like myself, who couldn't speak one word of English until he was 6 years old, from the ghetto in East Los Angeles, reach the pinnacle of being a special assistant to the President of the United States with an office in the East Wing of the White House, and now sits before you, nominated to a high position in this wonderful land.

I am humbled by the honor and the opportunity to live up to the highest standards of public service on behalf of my country. I pledge to you no less than that, if I am confirmed.

Thank you, sir.

Senator EXON. Mr. Lopez, thank you very much. That was an excellent statement, and we will have a few questions for you, and then there will be additional questions that we will submit to you for the record, and ask that you respond as quickly as you can for the completion of the record in that area.

Mr. LOPEZ. Yes, sir.

Senator **Exon**. I want to join my colleagues who have saluted your distinguished career. I was particularly touched by your closing statement with regard to your father and family and what has been done. It is a success story indeed. The contributions you have made to the United States of America are great and all Americans should be grateful for them. We are honored indeed with the appointment that you have received from the President of the United States.

As I said to the previous witness, you will have my complete cooperation and support as we move forward. We are looking forward particularly to our association with you on the very important matter of preparedness that you will be primarily in charge of and responsible for.

Mr. **Lopez**. Thank you very much, sir.

Senator **Exon**. Let me ask you this question for starters.

Given your new responsibilities for readiness and wartime mobilization, and if you had to assign a letter grade to what we have done on that right now for a report card, how would you rate our current performance in this particular area? A, B, C, D, E, or F?

Mr. **Lopez**. Sir, in the short time that I have been involved in this effort, I would have to say a C—no higher than a C.

However, I say this with the thought in mind that this leaves much room for opportunity, and I look forward to this opportunity and the challenge to raise this up to an A by the time my tenure would be terminated, if I am confirmed, sir.

Senator **Exon**. To what extent do you believe that our readiness for combat is linked to the mobilization capabilities of our allies? I speak specifically of the long-term concern of this committee with regard to our preparedness on the NATO front, the fact that we simply do not even have enough basic ammunition for sustained combat activity in that area. We have been told by one or two American commanders of NATO that if there should be an attack by the Soviets in Europe, we are in such dire straits over there that in a matter of days, the commander may be required to ask the President of the United States for authority to use nuclear battlefield devices to sustain such an onslaught.

What I am saying is that it seems to me that you have quite a challenge not only in preparing for what we need to do, and providing the money and the manpower and the womanpower for it, but also to dovetail that in with what our allies to a large extent are not doing, as of now, in Europe.

Mr. **Lopez**. Well, I think you are absolutely correct, Senator.

There is a linkage to what our allies are doing in Europe and in the Far East.

Just recently I participated, up in Rhode Island, in the Global Wargames at the Naval War College, and the same exact scenario was part of the scenario that we looked at.

I was wearing the hat of OMB Director at the time, but my fellow associate from FEMA played the role of the Director of FEMA. And we found that we were running out of bullets and the shells necessary to fight a war within a short period of 2 weeks.

It is something that I think bears a strong look at, which I intend to look at because of the role of FEMA in this area. Obviously we do not produce the weapons. Commerce and the Department of Defense are the ones that are directly involved in this mobilization.

But our role is to coordinate the activities of these other agencies, and this is one area that I fully intend to dive into, because of my interest in the military, and because of my military background.

Senator EXON. Mr. Lopez, Executive Order 12656, issued last November, directs the Secretary of Defense and the Secretary of Commerce to, and I quote, "Develop reliable capabilities for the rapid increase of defense production to include industrial resources for that production."

Do you believe that we have such capabilities today? Does this executive order mean that we should spend significant sums to achieve such capability?

Mr. LOPEZ. From my limited knowledge, I do not believe that we have that capability today, sir.

I think it is something we have to strive for in the future.

Senator EXON. In reading your answers to the advance questions that you received from this committee, I could not help but be struck by the fact that FEMA in the main has only coordinating responsibilities, with no real authority to ensure that policies and programs under FEMA's general cognizance are actually carried out.

Additionally, your answers document numerous instances of resources and capabilities falling far short of policy and executive directive.

Do you believe this is an extremely serious problem that you are inheriting? And the follow-up question: Should FEMA have more authority? Should the policy be revisited by the administration and the Congress?

Mr. LOPEZ. Sir, I do not think it is an extremely serious problem. It is a serious problem.

Part of it is, as I have learned from my short education in FEMA, that FEMA is a new agency. We have only been around for 10 years. The role, as spelled out in Executive Order 12656, is clearly specified—a coordinating role with the other agencies.

I think that the problem is making the other agencies aware of what FEMA can do to bring together this coordinative effort. We have taken a step, very recently, with the establishment of a policy coordinating committee under the National Security Council, where we are dealing with the Assistant Secretaries at each one of the agencies, where we will bubble up a good review of all of these policies up to the NSC to get a final decision, without having to worry about consensus.

We will bubble up not only the various ideas, but any dissenting ideas, and then have the decisions be made at NSC or by the President. This might eventually lead to more authority for FEMA—FEMA does not need more authority. They just need an understanding and a recognition of their specific role in this entire matrix.

Senator EXON. Mr. Lopez, thank you for being here this morning. The advance information that we have, and the questions that you answered extremely well bode well for the future in this area, and I want to assure you that this committee will be looking forward to working with you on the monumental task that I think you are undertaking.

You have the background, the proven background, to lead in an area that we as a committee think is extremely important in the future. Please feel free to call upon us, consult with us, and I hope that from time to time, we can have you in for an oversight hearing so that you can bring us up to date on what is being done and what help you need from us to accomplish the goals that you have set out.

Mr. LOPEZ. I look forward to that, sir.

Senator EXON. Thank you very much, Mr. Lopez.

With that, we are adjourned.

[Whereupon, at 10:35 a.m., the committee was adjourned.]

[Prepared questions submitted to Antonio Lopez by Senator Nunn prior to the hearing with answers supplied follow:]

FEDERAL EMERGENCY MANAGEMENT AGENCY,
Washington, DC, June 30, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed are my answers to your questions which I received in your kind letter on Friday, June 16, 1989.

I appreciate the opportunity to answer these questions as comprehensively as I can at this time. As you may be aware, during the past few weeks I have been undergoing transition briefings by the National Preparedness Directorate staff, Federal Emergency Management Agency (FEMA), on my proposed duties and responsibilities. Some of my answers to your questions are of necessity preliminary given the evolving nature of the subject and because policy guidelines are still under development.

However, be assured that the subject matter of *each* of these questions has certainly provided me with clear guidelines into areas where I will concentrate my future study and involvement when I assume my duties as Associate Director for National Preparedness at FEMA.

Thank you for your personal concern about my confirmation; I stand ready to respond to the Committee on any other queries.

Sincerely,

ANTONIO LOPEZ,
Associate Director (Designate),
National Preparedness Directorate.

Enclosure.

INDUSTRIAL MOBILIZATION

Question 1. Some advocates of industrial mobilization preparedness believe that dependence on off-shore suppliers for critical defense equipment is unacceptable. Others believe that cooperative R&D and production programs are critical to Western defense efforts. Moreover, the quest for efficiency in acquisition programs and budgetary pressures have led to substantial dependence in practice on foreign suppliers.

How do we fashion an effective mobilization preparedness program without encouraging protectionism in defense trade, thwarting critical cooperative acquisition programs, and increasing unacceptably the cost of U.S. acquisition programs?

Answer. Your question aptly summarizes the key issues and challenges we face in assuring the retention and strengthening of those elements of the industrial base on which our national security rests.

Over the past several weeks, I have been reviewing these issues to more fully understand the competing points of view and interests. It would, therefore, be both presumptuous and premature for me to present specific solutions to longstanding problems and deficiencies. "Presumptuous"—because FEMA is not the only, or even the primary, determinant of industrial base issues. And "premature" because the complexity of the issue defies quick, simple solutions.

The Departments of Defense and Commerce have the primary responsibilities for industrial base issues. They are the Departments that deal most frequently with and have the most influence on the industrial base. But the Departments of Energy, Transportation, Labor and other agencies have important roles. FEMA's responsibility is to coordinate the mobilization preparedness activities of these agencies to ensure the highest priority issues are being addressed and that we are all marching to the same music.

There is no easy answer to the question that you raised. The industrial base issue has been developing for many years and will require sustained, long term efforts in a number of areas such as improving the access of U.S. industry to foreign markets, modifications to the acquisition process that are being addressed in the Defense Management Review and the Packard Commission report, and improving the scientific and technological skills of our work force.

It may be that in today's global economy there is no way that the United States can achieve complete industrial self-sufficiency. Certainly reductions in defense expenditures by the United States in the early 1990s will make it even harder to maintain as large a domestic defense industrial base as we might like.

The President has approved the formation of a Policy Coordinating Committee under the NSC to address industrial mobilization policy. The FEMA Director chairs this PCC. I think this is an important opportunity for FEMA and the other agencies with mobilization responsibilities to address industrial base issues.

Question 2. Under existing executive orders, FEMA's role in mobilization preparedness is one of policy and program coordination, while policy formation and decisionmaking reside in interagency groups under the aegis of the National Security Council. Historically, in wartime, we have created very powerful boards to direct mobilization efforts. What arrangements have been made to effect a rapid and smooth transition from our peacetime planning structure to wartime structure? What is FEMA's wartime role and its role in implementing a mobilization decision?

Answer. Over the last 3 years, FEMA and other departments and agencies have been working on development of a generic organizational structure capable of rapid transition from peacetime planning to emergency/wartime conditions. This structure is known as the "National System for Emergency Coordination" (NSEC), and was endorsed by President Reagan's Domestic Policy Council and his National Security Advisor for the full spectrum of emergencies. Its most distinguishing feature is that it groups departments and agencies along functional lines, without violating the basic institutional authorities or reporting channels of any of the twenty-six major departments and agencies. This concept, in combination with the "Gradual Mobilization Response" concept (as described below) offers a solid foundation for further testing and improvement.

But the real issue facing us, however, is whether these structures and concepts are adequate for purpose of mobilizing the nation's resources; are further modifications or refinements in the concept or structure needed to increase interaction with industry; are authorities adequate; do agencies have a core of trained, knowledgeable people familiar with these concepts and structures, and capable of making them work when activated; are decision-making information systems available; are plans sufficiently current, detailed, and realistic?

In the final analysis, the organizational form that we adopt should be one that is both flexible and capable of carrying out the functions necessary to meet defense and essential civilian needs. It should be so designed as to anticipate presidential preferences, with a variety of crisis scenarios. And it should be one with which FEMA personnel are so familiar that they will serve as the "institutional" experts providing the linkages, the process support, and the adjudicative mechanisms indispensable to the interagency workings of separate and sometimes competing bureaucracies.

Question 3. Executive Order 12656; signed in November 1988, directs the Secretary of Defense, in cooperation with the Secretary of Commerce, to "develop . . . reliable capabilities for the rapid increase of defense production to include industrial resources for that production."

What specifically does this directive mean in terms of production facilitization for major platforms, munitions, spare parts, and other consummables? Is this policy directive reflected in the current Five Year Defense Program?

Answer. Under Executive Order 12656, the Departments of Defense and Commerce share responsibility for assuring that our nation can produce sufficient material within the period of time needed to successfully meet challenges to our national interests or security. It would certainly include the production of "major platforms, munitions, spare parts, and other consummables" not only for purposes of initial deployment but also for longer-term sustainability and replenishment at varying levels of mobilization and combat intensity. In very practical terms it requires DOD to look at its various operational plans, estimate its requirements based on these plans, and work with Commerce to assess the domestic and/or allied capability to meet those requirements. If the capability is not there, then Executive Order 12656 directs Defense and Commerce to jointly develop "reliable capabilities."

This "policy directive" is not a new one. It has been incorporated, in one form or another, in a number of other authorities, and has been widely accepted by both agencies for a number of years. But I am not prepared at this time to comment on the manner and extent to which this provision or its equivalent has been reflected in DOD's Five Year Defense Program. I am still trying to learn about FEMA's own long and short-term programs, and it will be some time before I can start focusing on mobilization preparedness activities in other Departments and Agencies.

Question 4. Given that it takes years of lead time to increase the production of ships, aircraft, tanks, and other major platforms, why do you believe that industrial mobilization is relevant to U.S. war planning today?

Answer. "Industrial mobilization" covers the full range of military-related hardware and systems. Some items, such as ships, may, indeed, require very long production lead times. But mobilizing shipyards to repair or refurbish ships could be done much more quickly. Other items—especially high-intensity consummables—may readily lend themselves to a doubling or tripling of production levels by planning for "surge." And still other items may be acquired through conversion of existing commercial production lines to military usage.

Our task is to identify each of the critical items—the so-called "war stoppers"—estimate their consumption rate, and develop plans for their production at levels comparable to their consumption rate. Each item may vary somewhat in lead time, cost, and criticality. The "Graduated Mobilization Response" concept is intended to level out these differences by providing for earlier production of long lead time items or high-consumption "war stoppers."

On a more "strategic" level, it is important to recognize that mobilization preparedness is not simply a plan and a capability. It is a vital component of our nation's deterrence posture. Foreign countries, particularly our adversaries, are fascinated with the seemingly bottomless productivity and ingenuity of our economic system. Their most recent memory of U.S. defense production—be it World War II, Korea, or Vietnam—is one of a continuous, broad stream of supplies flowing to the various combat zones. The mere knowledge that the U.S. still possesses the most productive economy in the world, and is continually developing and refining plans for harnessing that awesome strength to meet any threat to its security, must be a very troublesome one for our opponents. If we should ever discard mobilization preparedness as no longer "relevant" to U.S. war planning, we will be disclosing to our opponents the limits of our war fighting capability. They can count our stockpiles and current production levels as well as we can. And plan their wars accordingly.

Question 5. Could you please describe the Graduated Mobilization Response concept, its genesis, the intelligence community's assessments of likely warning times on which it is predicated, and its resource implications?

Answer. The GMR concept was developed to enable the nation to take advantage of early warning to "prime the pump" for mobilization actions that may become necessary if the threat of war worsens.

Glasnost is giving us a wider range of information about events in the Soviet Union, so our intelligence on warning will be richer. At the same time, if the Soviets reduce conventional forces and shift industrial resources from defense to civilian production, it is conceivable that their mobilization period will grow longer and that we may have more time to mobilize.

Question 6. What is your assessment of the impact of potential conventional arms control agreements on the importance and role of industrial mobilization?

Answer. In my judgment, the importance and role of industrial mobilization preparedness grows as we begin to reduce forces or shift from standing military forces to reserves. National strength stemming from the ability to mobilize industry quickly is also an element in nuclear deterrence. We must, therefore, place greater reliance on ensuring our national security by protecting and expanding our economic and industrial resource base.

If we fail to offset force reductions with increased mobilization readiness, our enemies may not be too impressed with our ability to sustain a protracted war fighting capability. I am very interested in pursuing this interesting dynamic and its import for our industrial response capability.

DEFENSE PRODUCTION ACT

Question 7. The National Preparedness Directorate in FEMA is responsible for implementing a major part of the Defense Production Act. With the Act now scheduled to expire on September 30, 1989, the Congress is now studying the terms under which the Act should be extended.

What is your recommendation for the extension of the Defense Production Act? What is your position on H.R. 486?

Answer. I am aware of the importance of the Defense Production Act for day-to-day defense contracting operations. The Act allows for priority performance of defense contracts, and the allocation of scarce materials to meet national defense needs. The Act assures that the procurement schedules for important weapon systems and other important defense contracts can be met and that acquisition costs can be reduced. The Act is the cornerstone for the Government's mobilization preparedness programs; it provides authority for enhancing the nation's industrial base through priorities and allocations, guaranteed loans, direct loans, purchases and purchase commitments; it provides antitrust protection for voluntary agreements among members of industry; and it provides for the continuance of the National Defense Executive Reserve program made up of industrial executives who will be needed to supplement the Government's workforce in time of a national security emergency.

For these and other reasons, I support permanent extension of these key authorities. Limited extensions discourage industry and Government planners from undertaking important, long-term initiatives, and pose a continuing danger of costly disruptions in a variety of ongoing activities authorized by the Act. Short term extension is the wrong message by which to demonstrate our commitment to strengthening the Defense Industrial Base.

On June 20, 1989, the administration testified on H.R. 486, voicing concerns with the bill's inherent disincentives to greater technical innovativeness, its excessive cost to the taxpayer, and its potential for disrupting a number of allied agreements. I fully support the administration's view.

SEPARATION OF CIVIL DEFENSE FROM NATIONAL PREPAREDNESS

Question 8. The Civil Defense Program dominates the budget for the State and Local Programs Directorate (excluding the revolving disaster assistance account).

Since Civil Defense falls within the concept of national preparedness for national security contingencies, why is the civil defense program separated from the other national preparedness programs in your Directorate? And if you believe there is a convincing rationale for keeping the civil defense program within the State and Local Programs Directorate, why is it that the National Preparedness Directorate nevertheless executes many of the civil defense program's communications programs?

Answer. The Civil Defense program looks primarily to all-hazard integrated emergency management at the State and local levels. The program includes: state and local emergency management; radiological defense population protection; state and local direction, control, and warning; and training and education.

The State and Local Programs Directorate deals primarily with state and local governments. Its principal Civil Defense "program delivery" mechanisms are pass-through grants and cooperative agreements. Thus, in implementing population protection measures, the Federal Government looks *downward* towards state and local communities. The primary "clients" of the State and Local Program Directorate are state and local governments.

The National Preparedness Directorate, on the other hand, is concerned with *Federal* plans and preparedness, and has only limited direct interaction with state and local governments. Its main concern is the continuity and emergency functioning of the national Government and the mobilization of national resources to meet major emergencies. Its primary "clients" are other federal agencies, the President and the National Security Council. But despite these differences in mission and "clientele," it has already become obvious to me that as the "national" programs mature, the National Preparedness Directorate will have to work more closely with the State and Local Program Directorate to assure maximum integration of state and local preparedness with that of the federal government.

As regards NP Directorate's execution of Civil Defense communication programs, FEMA has found it far more efficient and effective to combine its telecommunication design, operations and maintenance staff in a single organization where the preponderance of the Agency's telecommunication programs reside, and where many other non-Civil Defense funded telecommunication and ADP programs are administered.

KEY ASSET PROTECTION PROGRAM

Question 9. Would you provide a description of FEMA's role in the Key Asset Protection Program, examples of such key assets, and the types of measures taken to protect them? What in your view are the weaknesses or deficiencies in our current efforts?

Answer. Executive Order 12656 assigned the responsibility for Key/National Asset Protection programs to each Federal department and agency. The Justice Department, and particularly the FBI, is responsible for supporting departments and agencies in the development of their plans and programs. The FBI's role is to enhance and promote local security and protective measures in and around key industrial and other critical facilities. FEMA is responsible for coordinating the support and development of the plans and programs to ensure that they are consistent and not duplicative.

An example of a "key asset" facility would be the essential components of our National Extra-High Voltage Electrical Distribution System which, if rendered inoperable, would not only cause severe, economic dislocations to the affected community, but, especially, would disrupt vital defense-related work or installations serviced by that facility.

Although the Key/National Asset Protection program is an important one, it has not received the level of support that would be necessary to reduce our vulnerability. The most plausible scenario for disruption is through terrorist attack, sabotage.

More attention has to be focused on involving industry, as has been done already in the energy and the telecommunications areas. State and local governments, and law enforcement agencies must also become involved in these efforts. Responsible departments and agencies should be prepared to identify and categorize (based on criticality and potential damage) the various "key assets," and to ascertain that measures are taken to either protect or rapidly restore them.

MEDICAL ASSISTANCE

Question 10. The projected shortages of U.S. military medical resources in wartime is a matter of concern to the committee. What role does FEMA play in planning and mobilizing medical resources for stricken areas as well as to provide care in the United States for casualties from a war abroad?

Answer. Although Executive Order 12656 assigns to the Department of Health and Human Services the lead role in assuring adequacy of emergency planning and response in the medical arena, FEMA plays a vital role in coordinating mobilization planning, and preparation for medical assistance. Additionally, I should note that Departments of Defense and Veterans Affairs have primary responsibility for the actual treatment of military casualties.

One major initiative in this regard is the National Disaster Medical System (NDMS). FEMA participates along with HHS, DOD and DVA, which are the major resource agencies in this effort. It is structured to provide more than 100,000 beds from private sector hospitals to supplement DOD and VA beds for military casualties being returned to CONUS from combat zones. This system also will be responsive to a major catastrophic event in the civil sector.

CIVILIAN COMMUNICATIONS RESOURCES

Question 11. In cooperation with NATO allies, U.S. military forces already utilize host-country civilian communications and information processing assets. DOD also makes extensive use of domestic civilian telecommunications systems for peacetime and wartime purposes. The United States and its principal allies are rich in such resources—far more so than our likely adversaries. Within DOD, however, there continue to be serious potential deficiencies in wartime communications capacity and survivability. Has FEMA, in conjunction with appropriate other agencies and departments, catalogued the wealth of communications and processing resources that could be mobilized in a national security emergency across the spectrum of potential conflicts?

Has FEMA attempted to resolve any legal, institutional, or operational problems inhibiting such mobilization?

Answer. Under NSDD-97 and Executive Order 12472, the authority for coordination and administrative oversight of the development of enhanced communications capability in peacetime, mobilization, trans-attack, and early post-attack periods was delegated by the President to NSC, OSTP, OMB, and 22 departments and agencies with key telecommunications responsibilities. The National Communications System

(NCS) was established to provide staff support to the White House, and to coordinate telecommunications planning among departments and agencies.

As a member of the NCS, FEMA participates fully in all NCS-sponsored activities, especially its National Level National Security Emergency Preparedness (NSEP) Telecommunications program which is being developed to provide adequate survivable emergency communications capacity. In addition, FEMA is responsible for the cataloguing of key resource data (including telecommunication data) of those Federal departments and agencies that have national security emergency preparedness missions. That resource data would be used for planning, damage assessment, and response to emergencies.

COUNTER-TERRORISM

Question 12. What role does FEMA play in the Federal Government's plans and programs for dealing with the effects of terrorist actions in the United States?

Answer. Let me start by saying what FEMA does *not* do. FEMA is neither an intelligence gathering nor a law enforcement agency; and does not collect terrorist data or participate in law enforcement counter-terrorism activities. Nor is FEMA a regulatory agency with extensive expertise and authorities over critical, and potentially vulnerable, infrastructure systems, such as energy, transportation, communications and water resources.

Under authority of Executive Order 12148, FEMA is responsible for coordination of both response and planning to reduce the *consequences* of major terrorist incidents within the United States. This means that FEMA works with other departments and agencies to assure a capability to respond in an efficient and coordinated fashion in mitigation of damage, injuries, and disruptions that may result from a major terrorist incident.

FEMA regards consequences of terrorism as similar to consequences of other types of large-scale disastrous events or emergencies. The same population protection measures may be needed—medical care, food, shelter, evacuation, etc.; and the same responses and capabilities are called for—coordination, communication, emergency operating centers, and emergency response.

To assure an adequate and efficient response, FEMA developed a National Contingency Plan which outlines how Federal departments and agencies would respond to the consequences of an extraordinary situation or an emergency that could threaten health and safety.

[Questions submitted for the hearing record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN WARNER

Senator WARNER. Mr. Lopez, while it is important to have an industrial mobilization capability we must also ensure that that capability has the necessary Civil Defense Protection to survive any wartime threats, from terrorist to nuclear attacks. Do you plan to work closely with the other Directorate responsible for Civil Defense preparation to further ensure that our industrial mobilization capability is available under wartime threats?

Mr. LOPEZ. There are two major elements of industrial mobilization in the civil defense context which go to our ability to survive wartime threats ranging from terrorism to nuclear attacks. The first involves the broad programmatic area of civil defense involving State and local governments as well as the Federal Government. Within FEMA proper, the civil defense program policy and budget oversight resides in the State and Local Programs and Support (SLPS) Directorate. We work in close coordination with SLPS and are making provisions to surge civil defense requirements as appropriate.

The second major element is the Key/National Assets Protection Program. Prior to the issuance of Executive Order 12656, FEMA guided these activities for all the departments and agencies. E.O. 12656, however, directed that the departments and agencies should take a more active role to establish their own programs under the coordination of the National Security Council. Specific areas are assigned a lead agency. For example, the Department of Justice is now assigned the responsibility for assisting the heads of Federal departments and agencies, State, and local governments as well as the private sector, to develop plans to physically protect essential resources and facilities, and is supporting other selected agencies in carrying out their related responsibilities. In this regard, FEMA is working with and assisting the Department of Justice in meeting these challenges. As part of FEMA's responsibility we will be evaluating the department and agency programs and reporting to the National Security Council.

Senator **Warner**. Mr. Lopez, an important purpose of FEMA is to enhance the spectrum of deterrence by making it clear that the United States can respond to any type of wartime situation with the needed industrial capability to support our military forces. The strength of deterrence, however, is only as strong as the degree to which our adversaries perceive that we, in fact, have a credible plan and capacity to mobilize our massive industrial potential. Your Directorate is responsible for ensuring that such a plan exists and is credible. What improvements do you intend to make to our industrial mobilization capacity that would help ensure that the U.S. can produce the necessary ships, aircraft, tanks, etc., under wartime conditions?

Mr. **Lopez**. Executive Order 12656 charges the Department of Defense and Commerce jointly with the responsibility for assuring industrial output of a sufficient amount to permit our Nation to successfully prosecute a major conventional war. Both departments, for many years, have vigorously pursued those goals, with the support and cooperation of our other major resources agencies. Within the past few years, the Department of Defense has begun structuring the Joint Industrial Mobilization Planning Process (JIMPP) to address Mobilization base defense needs in the areas of industrial production, resources (such as labor and strategic materials), and the acquistition of parts, components and the like from domestic and foreign sources.

To that same end FEMA will, in the very near future, establish the Integrated Civilian Industrial Mobilization Planning Process (ICIMPP). This effort will be directed toward the establishment of a process to determine the capability of the civilian economy to support an industrial mobilization for a major conventional war. We intend to link the civilian agencies to each other for purposes of conventional war mobilization planning, and we also plan to link civilian industrial mobilization planning process with the Department of Defense's mobilization planning process to achieve improvements in mobilization planning consistency.

These links will provide information needed to identify shortfalls in production capacity, labor and resources in both the military and civilian sectors, enabling us to formulate remedial programs and options addressing alternatives such as expansion of capacity, consumer austerity, stockpiles and imports.

Senator **Warner**. Mr. Lopez, one of your responsibilities as the Associate Director of FEMA will be to manage and oversee the development and implementation of national preparedness in the event of an emergency. In this regard what do you see as your greatest challenge?

Mr. **Lopez**. I am fortunate to be arriving on the scene shortly after the signing of E.O. 12656 which as you know provides revised and updated emergency preparedness responsibilities to 26 Departments and Agencies. My predecessors had to operate under the guidance promulgated by E.O. 11490 which was signed by President Nixon in 1969.

As you know in E.O. 12656, the Director of FEMA has the lead responsibility to "Coordinate and support the initiation, development and implementation of national security emergency preparedness programs and plans among Federal departments and agencies". I view this coordinative role to be my greatest challenge convincing the top officials in the Federal Departments and Agencies that National Security Emergency Preparedness (NSEP) programs must be assigned even higher priority, in an era of increased dialogue with the Communist world and the possibility of forthcoming mutual reduction in both strategic and conventional forces posture.

Again, with the signing of National Security Directive 1 in January 1989, I am fortunate to have an innovative administrative structure in place to assist me in accomplishing this task. NSD 1 established the organization of a National Security Council system to assist President Bush carry out his responsibilities in the area of national security. Included in this new structure is a Policy Coordinating Committee on Emergency Preparedness and Mobilization Planning, chaired by the Director of FEMA. The committee is comprised of Assistant Secretary level officials from all of the key Departments and Agencies in the NSEP community.

We have already established an excellent rapport with this group and a task group has been formed to conduct an NSEP policy review to ensure that the nation has sufficient capabilities at all levels of government to meet essential defense and civilian needs in a national security emergency.

The bottom line is that I intend to capitalize on the momentum of the PCC and its dedicated members to accomplish the sensitive interagency coordination responsibilities in furtherance of national security emergency preparedness.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

Senator THURMOND. Mr. Lopez, in reviewing your duties as the Associate Director for the National Preparedness Directorate what do you see as your greatest challenge?

Mr. LOPEZ. Actually, there are many challenges that face me. Initially, my greatest challenge will be to make the organization and management of the Directorate as efficient as possible; this will be a difficult task considering the number of people and their geographic separation and the various programs within the Directorate. My next challenge will be to promote the development and/or updating of the national security preparedness programs and plans that will be coordinated among the Federal departments and agencies which is mandated by E.O. 12656, stressing the need for vigilance and fresh thinking in a time of changing world situation, especially in view of the current arms reduction talks. At the same time, I will encourage my people to initiate, develop and implement preparedness programs and plans to cover all types of potential disasters and emergencies, be it a nuclear or military attack, terrorism, natural disaster, or technological emergency, that could threaten the national security of the United States.

Senator THURMOND. Mr. Lopez, we have all read articles on the tremendous shelters that the Soviet Union has prepared to protect both their civilian and military leadership. I also understand that they have similar provisions for their civilian population. Are there similar provisions to protect our civilian population in a national emergency?

Mr. LOPEZ. The United States does not have a Blast Shelter Program. The principal focus of the U.S. population protection is evacuation from threat areas and providing expedient shelters primarily for protection from the radiation hazard.

Since the 1960's, the civil defense shelter facility surveys have identified 250 million shelter spaces in existing buildings which protect occupants against radioactive fallout and, in areas at risk to attack, offer some degree of blast protection. Additionally, 215 million spaces have been identified for reception and care of persons who evacuate potential risk areas in times of crisis.

Unfortunately, public shelter spaces are not always located where they can be used, as illustrated by the following:

> For the 130 million persons who live in potential target areas, only 44 million spaces with relative blast protection have been identified, although these areas have a surplus of fallout-protected spaces.
>
> For populations *and* potential evacuees in areas *outside* blast-risk areas, an estimated 229 million reception and care spaces and fallout shelter spaces would be needed. Shelter facility surveys to date have identified 215 million reception and care spaces (a shortfall of 14 million spaces) and only 80 million fallout-protected spaces (a shortfall of 149 million spaces, which can be overcome if upgrading and/or construction of *expedient* shelters is planned.)

[The nomination reference of Antonio Lopez follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
May 18, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Antonio Lopez, of Tennessee, to be an Associate Director of the Federal Emergency Management Agency, vice George Woloshyn, resigned.

[The biographical sketch of Antonio Lopez, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF ANTONIO LOPEZ, SPECIAL ASSISTANT TO THE PRESIDENT AND DIRECTOR, WHITE HOUSE MILITARY OFFICE

Antonio Lopez was appointed to above position on January 20, 1989 by President George Bush. His present position includes management of a wide variety of military services to the President and the White House. These involve radio, land-wire, microwave, satellite, and wide-band secure communications; aviation resources, including Air Force One and the Presidential helicopter fleet; management of Camp David and White House food services; medical support to the President, and the

White House motor vehicle fleet. He also serves as the White House Emergency Actions Officer.

Previously, Mr. Lopez served on the George Bush for President and Bush-Quayle 1988 campaigns. Was responsible for planning, organizing, staffing, directing, coordinating and developing an issue group network which studied and wrote issue documents for use in the Presidential campaign. Performed as surrogate speaker for the Vice President. Planned and managed Information Center. Supervised a staff of seven assistants and 50 volunteers.

From 1985 to 1987 Mr. Lopez was self-employed in Covington, Tennessee as an International Business Development Consultant. During this time frame he was active in community affairs, serving as President of the Covington Lions Club, as well as Chairman of the Board, Crime Stoppers of Tipton County, Inc.

Mr. Lopez was employed by the Vollrath Company, Sheboygan, Wisconsin from 1982 to 1985 as Manager, Business Development, Latin American. Performed research, site surveys, negotiations necessary for development of a joint-venture refrigeration corporation with a Mexican counterpart. Managed sales accounts for all international customers in all countries of Latin America and the Caribbean.

Having served in the United States Air Force from 1955 to 1982, Mr. Lopez retired as Colonel upon completion of a tour with the Inter-American Defense Board, Washington, DC, as Chief of Plans Division, International Staff. He studied and applied economic, political, social and military aspects of international Western diplomacy, during a three year period, and through members of the Staff, directed various programs which significantly impacted future military activities in Latin America. Traveled extensively through Latin America representing U.S. military on goodwill and public relations visits. Acquired close relations with many high ranking military officers, political leaders and diplomatic officials in virtually every country in the Hemisphere. Directed the operation of a 60-person U.S. military radio, television and newspaper organization for a three year period in Panama. Served as the news media spokesman for all U.S. military activities in Latin American during the historic and controversial Panama Canal Treaty negotiations, ratification and implementation. Graduate of the Inter-American Defense College, Washington, DC.

Mr. Lopez served in various assignments throughout his military career, to include completion of 389 combat missions as a Forward Air Controller, Republic of Vietnam.

After graduation from Phillips Academy, Andover, Massachusetts, Mr. Lopez received his Bachelor of Science, Mechanical Engineering from the University of Colorado, Boulder, Colorado. He attended the University of Southern California, Los Angeles, where he was awarded his Master of Science, Systems Management. He subsequently attended advanced graduate courses in Behaviorial Science, Catholic University of America, Washington, DC.

Awards include the Air Force Commendation Medal with oak leaf cluster, Joint Service Commendation Medal, Air Medal with eleven oak leaf clusters, the Meritorious Service Medal, the Defense Meritorious Service Medal with one oak leaf cluster, the Distinguished Flying Cross, the Defense Superior Service Medal, and the Claude Moore Fuess Award for Distinguished Contribution to Public Service, 1978, Phillips Academy, Andover, Massachusetts.

Mr. Lopez's parents are both immigrants from Latin America; he was born in Los Angeles, California. He is married to the former Ruth B. Fryer; they have four children, and four grandchildren. Mrs. Lopez also served in the United States Air Force.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Antonio Lopez in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Antonio Lopez.

2. **Position to which nominated:**
Associate Director, Federal Emergency Management Agency (National Preparedness Directorate).

3. **Date of nomination:**
May 17, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
November 7, 1934; Los Angeles, California.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married June 15, 1957 to Ruth B. Fryer.

7. **Names and ages of children:**
Linda Ann Carney, 30; Richard Timothy Lopez, 28; Michael Lee Lopez, 27; Anthony Lopez, 26.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Phillips Academy, Andover, MA, 1950-1953.
California Institute of Technology (Pasadena, CA), 1953-1954.
University of Colorado (Boulder, CO), 1960-1962 B.S. (M.E.) 1962.
University of Southern California (Los Angeles), 1967-1968 M.S. (Systems Management) 1968.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Employer	Title	Location	Dates
The White House	Special Assistant to the President and Director, White House Military Office.	Washington, DC	January 23, 1989 to present.
Office of the President-elect	Transition Office Contact for VA	do	November 1988 to January 1989.
George Bush for President—Bush-Quayle 1988.	Consultant, Deputy Director of Research.	do	July 1987 to November 1988.
Self-employed	Consultant	Covington, TN	January 1985 to July 1987.
The Vollrath Co	Manager, Business Development, Latin America.	Sheboygan, WI	June 1982 to January 1985.

Employer	Title	Location	Dates
U.S. Air Force	Member, International Staff Inter-American Defense Board.	Washington, DC	July 1979 to June 1982.
Do	Special Assistant for Public Affairs HQ USSOUTHCOM.	Quarry Heights Canal Zone, Panama.	June 1976 to July 1979.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all members and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Covington, TN Lions Club, (formerly 2nd VP, 1st VP and President); 1982 to present, member.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

I have not held any office with a political party. I was a candidate for Tipton County (TN) Commissioner, 1984.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

I am a registered Republican. I was Deputy Director of Research for the George Bush for President and Bush-Quayle 1988 Campaigns July 1987-November 1988.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None. All contributions have been less than $50.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

(a) Scholarships:
Phillips Academy, Andover, MA, 1950-1953.
California Institute of Technology (Pasadena, CA), 1953-1954.
(b) Honorary Society Memberships:
Tau Beta Pi (Honorary Engineering Society).
Sigma Tau (Honorary Mechanical Engineering Society).
Pi Tau Sigma (Honorary Mechanical Engineering Society).
(c) Military medals:
Defense Superior Service.
Distinguished Flying Cross.
Defense Meritorious Service (2).
Meritorious Service.
Air Medal (12).
Joint Service Commendation.
Air Force Commendation (2).
Good Conduct.
(d) Special recognition:
Claude M. Fuess Award for Distinguished Contribution to the Public Service, Phillips Academy, Andover, MA, 1978.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None published.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Yes. I believe I was nominated because of my long and varied career of 27 years as an officer in the United States Air Force in the areas of Operations, Research and Development, Public Affairs and Strategic Planning, in addition to my more recent experiences in International Business Development.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Currently, as Director of the White House Military Office, I am responsible for directing, on a daily basis, all military units and activities that provide full-time support to the President of the United States in his role as Commander-in-Chief. The management and operational supervision of over 1,500 full-time people and another 2,500 on a less frequent basis, has tested my capabilities as a manager and leader.

To carry out my responsibilities has required constant planning and coordination with the White House Staff, executive branch departments and agencies, particularly the Department of Defense, as well as with the Congress. My military background as well as my political experience has thoroughly prepared me for my current position.

The transition to Associate Director for National preparedness, charged with the responsibility to ensure that executive branch departments and agencies, acting in concert, are prepared to execute assigned responsibilities during national security emergencies requiring Federal involvement, should be a natural and smooth one.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Antonio Lopez.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firms or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responsed and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filled and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

ANTONIO LOPEZ.

This 25th day of May, 1989.

[The nomination of Antonio Lopez was reported to the Senate by Senator Sam Nunn on November 16, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

NOMINATION OF MARTIN C. FAGA, TO BE ASSISTANT SECRETARY OF THE AIR FORCE FOR SPACE

FRIDAY, SEPTEMBER 8, 1989

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met at 10:21 a.m., in room SR-222, Russell Senate Office Building, Senator J. James Exon presiding.

Committee members present: Senators Exon, Warner and Thurmond.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; and Christine C. Dauth, chief clerk.

Professional staff members present: T. Kirk McConnell and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Brian D. Dailey, George W. Lauffer, and John E. Mansfield, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; and Milton D. Beach, assistant to Senator Glenn.

OPENING STATEMENT OF SENATOR J. JAMES EXON, PRESIDING

Senator Exon. The committee will please come to order. The committee meets today to consider the nomination of Martin C. Faga for the position of Assistant Secretary of the Air Force for Space. On behalf of the committee I extend a warm welcome to the nominee and his wife, Barbara, who is a schoolteacher in Falls Church, VA. Their two sons, Jeffrey and Scott, are away at college.

Mr. Faga has spent more than 26 years in public service. He has served in the military, in the executive branch, and has also served in the private sector. For the past 12 years he has worked on the staff of the Permanent Select Committee on Intelligence of the House of Representatives. Since 1984 he has headed the staff of their Program and Budget Authorization Subcommittee.

Without objection, Mr. Faga's complete biographical data will be entered into the record.

[The information referred to follows the hearing record.]

Senator Exon. During his tenure on the Intelligence Committee staff Mr. Faga earned the confidence and trust of the members, particularly Secretary Cheney, who served for a time as the ranking member of the committee and always had a keen interest in and knowledge of intelligence and space matters.

Mr. Faga is also well known and respected by this committee and our Intelligence Committee as well, since we have worked with him in conference for many, many years.

The position of Assistant Secretary for Space is a new office within the Department of the Air Force. Earlier this summer Senator Nunn wrote to Dr. Rice, Secretary of the Air Force, concerning his plans to reorganize the Air Force Secretariat. Senator Nunn was especially interested in Secretary Rice's plan for the new Assistant Secretary for Space position that we are talking about today.

Without objection, Senator Nunn's letter and Secretary Rice's response will be entered into the record.

[The information referred to follows:]

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, July 20, 1989.

Hon. DONALD B. RICE,
Secretary of the Air Force,
The Pentagon, Washington, DC.

DEAR MR. SECRETARY: The Committee has just received the nominations of Anne Newman Foreman to be Under Secretary of the Air Force and Martin C. Faga to be Assistant Secretary of the Air Force (Space).

In our letters to the two candidates for the Presidency in October of last year, Senator Warner and I set out general qualifications which the Armed Services Committee intended to utilize in evaluating nominees for the various leadership positions within the Department of Defense. One of those qualifications was that the "nominees must have substantial experience and expertise within their proposed areas of responsibility."

In order to assist the Committee in evaulating the qualifications of these two nominees to perform their duties, it is important that the Committee have a clear understanding of the responsibilities which will be assigned to them. I hope that you could provide us as soon as possible a description of the duties which you intend to assign to the Under Secretary of the Air Force and the Assistant Secretary of the Air Force for Space since I understand from your confirmation proceedings that the duties for both would be different from past practice.

Additionally, with the creation of the new position of an Assistant Secretary for Space, it would be helpful if you would advise us as to how you intend to designate the remaining assistant secretary positions.

I appreciate your assistance in this matter.

Sincerely,

SAM NUNN, *Chairman.*

SECRETARY OF THE AIR FORCE,
Washington, DC, July 31, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your interest in the responsibilities of the Under Secretary of the Air Force and Assistant Secretary of the Air Force (Space). Attached is an extract of a draft Secretary of The Air Force Order (SAFO), which I will soon publish, setting forth the responsibilities of the Under Secretary of the Air Force and the Assistant Secretary of the Air Force (Space). In addition, further classified data will be provided to you under separate cover.

The most important duty of the Under Secretary is to serve as my principal assistant. The Under Secretary is my alter ego and acts with full authority for me on all affairs of the Department. After Ms. Foreman is confirmed as Under Secretary, besides the duties spelled out in the SAFO, I intend to give her a number of important, far-reaching tasks. For example, she will co-chair an Air Force Executive Committee which will conduct and oversee a top-to-bottom management review of the

Air Force arising from the Defense Management Report. In addition, I will ask her to give special attention to the important area of procurement integrity. In her present position as Air Force General Counsel, Ms. Foreman has extensive experience in this area, and her advice has been invaluable to me.

As for the Air Force's Assistant Secretaries, besides the Assistant Secretary of the Air Force (Space), I will designate the remaining three Assistant Secretaries as follows: Acquisition; Financial Management; and Manpower, Reserve Affairs, Installations, and Logistics.

I am very pleased President Bush nominated Ms. Foreman and Mr. Faga to their positions. They are highly qualified, and I look forward to working with them. I appreciate your assistance in their prompt confirmation.

Sincerely,

DONALD B. RICE.

SECRETARY OF THE AIR FORCE—ORDER

Subject: Functions of the Secretary, Under Secretary and the Assistant Secretaries of the Air Force.

1. The Secretary of the Air Force, pursuant to 10 U.S.C. 8013, is responsible for and has the authority necessary to conduct all affairs of the Department of the Air Force. Subject to his direction and control, the Under Secretary, and the Assistant Secretaries are authorized to act for and with the authority of the Secretary of the Air Force on all matters for which the Secretary is responsible. This authority extends not only to actions within the Department of the Air Force, but also to relationships and transactions with the Congress and other governmental and nongovernmental organizations and individuals.

2. Officers and officials of the Air Force will report to the Under Secretary and the Assistant Secretaries regarding matters within their respective cognizance as herein assigned.

3. Pursuant to 10 U.S.C. 8017, the Under Secretary, in the absence of the Secretary, will perform the duties of the Secretary; in the absence of the Secretary and Under Secretary, the Assistant Secretaries in order of their length of service as such will perform the duties of the Secretary.

4. The Under Secretary of the Air Force, as principal assistant to the Secretary of the Air Force, acts with full authority of the Secretary on all affairs of the Department. Additionally, the Under Secretary is responsible for the direction, guidance and supervision of the international and certain special activities of the Department, including:

a. Coordination of politico-military policies and actions with all pertinent DoD, Department of State, and other international affairs agencies or groups;

b. Coordination of Air Force policies and actions pertaining to:

(1) Security Assistance Program;

(2) Relations with foreign governments;

(3) Status of forces and base rights agreements;

c. Review and analysis of Air Force plans, programs and requirements in all areas involving politico-military affairs.

8. The Assistant Secretary of the Air Force (Space) will have as his/her principal duty the overall supervision of Air Force space and space-related matters, with primary emphasis on policy, strategy and planning. Commensurate with the belief that space is intrinsic to the future of the Air Force, Air Force Space Policy acknowledges that space power will assume as decisive a role in future combat operations as air power has today. It is the function of this office to insure that the Air Force is not only committed to integrate space power in all areas from combat support to the full spectrum of military capabilities.

a. As part of his/her general responsibilities the Assistant Secretary (Space) will:

(1) Review and coordinate all Air Force space and space-related matters, with principal emphasis on policy, strategy and planning.

(2) Support the Secretary of the Air Force in the discharge of such responsibilities for DoD space activities as the Secretary of Defense may assign, to include acting on behalf of the Secretary of the Air Force as required.

(3) Ensure comprehensive, integrated planning of Air Force space and space-related activities, to include consideration of their relationship to the activities of other organizations with space responsibilities.

(4) Advise the Secretary on space policies, plans, programs, budgets and operations.

(5) The Assistant Secretary will not exercise authorities otherwise specifically assigned to the Air Force Acquisition Executive.

b. As part of his/her specific functions, the Assistant Secretary (Space) will:

(1) Develop for promulgation by the Secretary broad goals, policies and related guidance for Air Force space activities that will provide for an integrated Air Force space program.

(2) Maintain cognizance of, and assess Air Force responsiveness to, National, DoD and Air Force Space Policies. This will include close cooperation with the Air Staff and other organizations in the Air Force Secretariat.

(3) Develop and maintain a cooperative relationship with DoD and non-DoD organizations with space and space-related responsibilities, with special attention to the needs of other users of Air Force space systems.

(4) Participate in, and coordinate on, major Air Force program decisions and reviews addressing space and space-related efforts.

(5) At the discretion of the Secretary, serve as the Air Force representative to space related, internal DoD or interagency councils and boards.

(6) Serve as the Air Force focal point for DoD and interagency matters involving Air Force space interests. This includes interagency memoranda of agreement, as well as Air Force program and policy interactions with the National Aeronautics and Space Administration (NASA) and with Executive Departments having responsibilities for commercial space activities.

(7) Formulate, in collaboration with the Assistant Secretary (Acquisition) and the Assistant Secretary (Financial Management), a budget cross-cut for space, in order to assist the Secretary in providing overall supervision of space resources and ensuring an internally consistent and balanced space program.

(8) Advise the Secretary on arms control and treaty matters as they pertain to Air Force space interests.

(9) Conduct other activities directed by the Secretary.

Senator **Exon**. It is apparent that the Assistant Secretary for Space will have a very broad charter, with responsibility for all space matters within the Air Force except those uniquely related to acquisition. The position, therefore, is extremely important, complex, and certainly very demanding.

Subsequent to Mr. Faga's nomination Senator Nunn wrote to him to ask a set of questions in advance of this hearing. He has provided us with written responses. These responses have been very helpful to the committee in preparing for this hearing, and we will be interested in inserting those in the record if there is no objection.

[The information referred to follows the hearing record.]

Senator **Exon**. At this time I would certainly like to recognize Senator Warner, my friend and colleague from the State of Virginia, for any opening remarks he may wish to make.

Senator **Warner**. Thank you, Mr. Chairman. I believe you have covered the basic data.

I have had the privilege of knowing Mr. Faga and being an admirer of his public service. I have had an opportunity to discuss in some detail the proposed reorganization within the Department of the Air Force. I have some knowledge because of my former positions in the Department of Defense of the responsibilities that he will be undertaking. They indeed are joint in the sense that you will be handling programs which are of importance both to the Army, the Navy and the Department of the Air Force.

I think he is eminently qualified to do that. I am delighted he is joined by his lovely wife today, and the record should reflect that he has a son at the U.S. Naval Academy, and I am privileged to have nominated Mr. Faga's son.

Senator **Exon**. Thank you very much, Senator Warner.

We will, of course, be in open session, as we are now. At the close of the testimony we will ask unanimous consent that we go into a closed session for a very brief period of time to discuss some matters that cannot appropriately be discussed at this particular level.

With that, Mr. Faga, I welcome you once again. Before the questions, I would invite you to make any opening comments, remarks or introductions you care to at this time.

STATEMENT OF MARTIN C. FAGA, ASSISTANT SECRETARY OF THE AIR FORCE FOR SPACE—DESIGNATE

Mr. FAGA. Thank you very much, Mr. Chairman, Senator Warner.

Of course, I am honored to appear here today. If I am confirmed in this position, I look forward to the opportunity to serve again in the Air Force in this new position, which you have described very well.

As you said, the duties of this office will be extensive, but they do not include exercising any of the authorities of the Air Force Acquisition Executive. I think this is an important point because acquisition must remain under strong and central direction and I fully support that move by Secretary Rice.

The duties which I would undertake, although new to this position, have been undertaken for many years by a wide range of members of the Air Force Secretariat. This position recognizes Secretary Rice's belief that space activities have become sufficiently important in the Air Force to require the full time attention of an assistant secretary.

If confirmed, I will be a strong advocate of space activity in the Air Force, but I also appreciate that space activities will have to be balanced with all other Air Force and national priorities.

If I am confirmed, one of the major pleasures of the job will be the association with Air Force people. The quality of the Air Force is at a very high level, as you know, and I want to do all that I can to help maintain that excellence.

That concludes my opening statement and I am prepared for your questions.

Senator EXON. Mr Faga, thank you very much. Although I would anticipate no trouble with your nomination whatsoever, I would like you to expand, if you could, a little bit more in detail on what you see as your major challenges.

Also, although you will not be directly in charge of acquisition as far as the executive department is concerned, certainly your counsel and advice and suggestions will be heavily weighed by the Secretary. Could you expand a little bit more on some of those areas in whatever terms you like?

Mr. FAGA. Yes. I see the kernel of this job as trying to develop Air Force strategy for space. At many hearings that you have held here, members have been concerned about issues of space control, ASATs, assured access to space, and many other features of the space program. We do not yet have a complete, integrated space program. We do not yet have an Air Force totally devoted to its role in space.

That is the essence of the job that I will be asked to undertake—to build enthusiasm in the Air Force for the space role; to make the Air Force space role a customer-oriented function.

Senator Exon. As you know, the Air Force has a significant number of very expensive new space programs which I assume will come under your jurisdiction and leadership, such as GPS, MILSTAR, the advanced launch systems, the National Aerospace Plane, the space-based radar, ASAT-related programs and so forth, and the continuing infrastructure efforts to support the new boosters and satellites.

SDIO is currently funding two major systems—the boost surveillance and tracking system and the space surveillance and tracking systems—that the Air Force believes it needs independent of any decision to deploy strategic defenses. Significant sums of money for improved satellite survivability may be required as well in the coming years—and I think that is something we probably have not explored as much as we should.

These programs add up to an enormous expenditure for space programs at a time when the Air Force and DOD face increasingly tight budgets and increasing financial requirements for many other programs that the Air Force has responsibility for, including the ICBM, the B-2, the C-17 and the Advanced Technology Fighter.

Do you think we can afford all of these without adverse stretchouts or terminations? I am just wondering how all this is going to fit in. I would throw in with that the President's new proposals about somewhere between $200 billion and $400 billion for space programs, including our goal toward Mars. It seems to me that while all of these have to be considered reality is going to meet reason here somewhere along the line.

What are your views on all of this? This is going to be a major challenge to you, it seems to me, in the next 4 years.

Mr. Faga. Yes. There is no question that there is more to do than we will ever have budget to do completely. I see the biggest piece of my job is to work with the services and with the CINCSPACE to develop a balanced strategy and a plan for space activity that can be afforded.

To come back to a question that you asked earlier that I did not completely answer, it is, of course, the responsibility of the Acquisition Executive, separate from me, to acquire the programs that are agreed to in that process.

Senator Exon. Mr. Faga, I know that you are well aware of the concerns of this committee and the commander in chief of the U.S. Space Command and others about satellite survivability and the responsiveness of our space-launched systems. Do you share the concerns that are heard in this area a great deal? What course do you think we should pursue to address these problems?

Mr. Faga. I think that satellite survivability is a real and genuine issue, but I think people should remember that a great deal of survivability has already been built into many of our systems. We do have or will deploy many systems with capabilities such as warning sensors, with EMP hardening, with nuclear hardening, with maneuver capability, autonomous operations, mobile ground stations, and quite a few other survivability features.

Many of these systems are certainly as survivable as the terrestrial systems they support, and in some cases it is their ground facilities that are the most vulnerable. There is still more that can be done in this area, and there are more satellites that should enjoy the benefits of some of these improvements. And I also believe that we will need an ASAT capability as a credible deterrent and as protection for our forces.

Senator **Exon**. I may have one or two additional questions, but my time is up on the first round and I am pleased to yield to Senator Warner.

Senator **Warner**. I thank you, Mr. Chairman.

Mr. Faga, the questions that I propound are in the spirit of fairness between the three military departments. Quite naturally, the Department of the Air Force has a larger interest in space and I think this is a dramatic step forward and I commend Secretary Rice. But let us look at the total DOD funds for space and how they are allocated between the three military departments at this time.

Are you famillar with the allocations?

Mr. **Faga**. No. I could probably only give you the grand total, and would prefer to do that in the executive session so that I can include all the classified activities.

Senator **Warner**. Well, I would just as soon stay away from the classified, because I think Americans should know as much as we can put into open about the space interest in DOD.

Mr. **Faga**. Well, let me give you this number, Senator.

Senator **Warner**. In other words, obviously the Department of the Air Force has the largest share.

Mr. **Faga**. Air Force activity in space is over $7 billion, including the work that it does for SDIO.

Senator **Warner**. Then what would be the size of the Navy program?

Mr. **Faga**. Navy would be considerably smaller. I would not be able to give you an accurate number, but I would think it is probably on the order of $1 billion.

Senator **Warner**. And the Army?

Mr. **Faga**. Probably $1 billion.

Senator **Warner**. Well, now I do not think it is necessary for the Navy to appoint an Assistant Secretary of the Navy for Space, obviously, or the Army, but I just do not want those military departments to be totally eclipsed and have a public perception that the Air Force has all of the space functions for the Department of Defense.

I would hope that you would feel that while you wear proudly the Air Force Assistant Secretary title that you would also actively work with the other two military departments that will not have a civilian in such a high position as you are in.

In other words, I am familiar with turf wars. Let us get down to the basics. Those two military departments justifiably have a mission in space. They have a budget in space. But as such the Secretaries have not seen fit, I think quite properly, to elevate someone to your position. I do not want the work of those two departments to be eclipsed by the preponderance of the work done by the Department of the Air Force.

Mr. **Faga**. Yes. I understand the point that you are making. One of my key jobs will be to interface with everyone else the Air Force deals with—the other services, with OSD, NASA, Department of Transportation, and the National Space Council—anybody who is involved in space.

I am not in office, but Dr. Rice has been active in this area in the several months that he has been in office and has made it clear that he hopes the Air Force will prepare itself to take on a larger executive agency role in space, but there will always be systems that individual services require which they will acquire for themselves, just as the Navy does today. I do not see a change in that.

Senator **WARNER**. The MILSTAR program. Can you advise this committee on what your views are and the likely course that that program will take, subject to certain congressional actions?

Mr. **FAGA**. I think that is a very important program. I think it is a fundamental program. The nugget to MILSTAR in my mind is jam-resistant communications. We do not have any other way to do it in the way that MILSTAR provides, which is to say in any sufficient quantity.

I know there have been concerns in the Congress that MILSTAR has not enjoyed sufficient support in the Pentagon. I think it does enjoy good support today in the Air Force, and certainly does with Secretary Cheney.

Senator **WARNER**. Of course, you are not in the official position as of this time, but I presume that, were you confirmed (which I anticipate will be speedily), but just hypothetically you would, if confirmed, recommend to the Congress that we go ahead with that program?

Mr. **FAGA**. Yes, I would.

Senator **WARNER**. I thank the Chair. I would like to just make one observation. We are so delighted that Mrs. Faga has taken time to be here today, and I hope that she will counsel her husband on getting home at an appropriate hour. There is nothing done after 7 o'clock in the evening in the Department of Defense that is not reversed the following morning.

So long as he is there, everybody in his department is going to remain there. So, won't you take an active hand in helping maintain some family life for those of his subordinates.

Ms. **FAGA**. I certainly will.

Senator **WARNER**. Thank you.

Senator **EXON**. Thank you very much, Senator Warner. I would just make an observation that since you were Secretary of the Navy I believe they work until 7:30 over there at the Pentagon, at least.

I am pleased to recognize now Senator Thurmond. Do you have any questions, Senator Thurmond?

Senator **THURMOND**. Mr. Chairman, I do not have any questions. I just want to say that I congratulate Mr. Faga on his appointment. Mr. Faga, I believe this is a new position. You are the first one to hold it. I wish you well and hope you will enjoy the work. I am sure you will contribute a great deal to it.

You have a fine resume and it seems you have been successful at what you have done. I feel confident that the service you will render to your country will be very beneficial. I will be glad to support you.

Mr. **FAGA**. Thank you very much, Senator.

Senator **EXON**. Thank you, Senator Thurmond.

Mr. Faga, let me follow up on some of the matters that were raised by Senator Warner. Let me put this in a little bit different context. From your past experience in this area, which is very impressive, it seems to me, and since I believe that space programs in general are going to be a tremendous challenge to the budget procedures in the future so that we put proper emphasis on this very important part of our overall national security, and with all of the agencies that have been mentioned and all of the departments of the Department of Defense that are involved in these things, and with NASA being the lead agency in many of these things, it has always crossed my mind, do we have too many chiefs in the pot without a central authority as to where we go and what we do?

Is there proper coordination from the information that you currently have regarding all of the agencies of the Federal Government that are involved directly or indirectly in some fashion with regard to space?

Mr. FAGA. I think the really positive move of just the last few months is the formation of the National Space Council. I think that it has already proved to be and will continue to be an excellent forum for interagency space matters as broad as the ones you describe, and something that has long been needed.

Senator EXON. My question has to do with concern that if one agency of the Government wants to pursue one proposition and another wants to pursue another, I suppose that resolution would be up to the Secretary of Defense, and I can understand that, and I think Secretary Cheney would make that decision on the best information that could come to his attention.

But there is no central authority in this area, is there, with the possible exception of the Commander in Chief, the President himself? I guess what I am saying is I am not suggesting anything specifically at this time except to express my concern to you that with the amount of money that we are going to be spending in these programs and as important as they are I guess I have certain concerns about the proliferation of responsibilities in this overall area, and I am not sure we have done enough about that.

Is that a concern of yours? As a follow-on to that question, how do the Soviets handle this? Do they have a proliferation of space programs somewhat similar to ours, or is it more centrally controlled?

Mr. FAGA. The Soviets are more centrally organized. Virtually all of the Soviet program is either military or at least partially military; 95 percent of it is either military or military and civil combined.

We do have two basic, fundamentally separate programs in the United States, as you know—the military program and the civil program under NASA—but that is a bifurcation that I certainly agree with.

I think that in defense there is an adequate structure for space policy and acquisition on matters from the top down, and in many of these cases it is the interest of the officials involved that is as important as the structure. I think there is a high interest in space—certainly with Dr. Rice, with whom I have spoken many times on this subject, and with Secretary Cheney, whom I know rather well.

Senator EXON. I have not seen recent statistics or figures, but the last I did see was that NASA owed the Department of Defense a considerable amount of money for payloads that had not been launched into space, and that this committee's action authorized primarily for military payloads that they would launch into space. That fell badly behind, of course, with the disaster of a couple years ago.

Where are we on this at the present time, and what arrangements have been made through NASA to see that the military payloads that we have paid for and contracted for are made up as to NASA's ongoing program?

Mr. FAGA. As I recall, there are five remaining NASA flights for DOD. I believe the number of paid ride credits is somewhere in the vicinity of eight or nine. So all of those launches will go on ride credits that have already been paid for.

The cost of moving onto the shuttle and then back off the shuttle has been very great. I have estimated it at about $10 billion over about 10 years, to move satellites onto shuttle and then move them back off, and of course that is where the big cost is—all those redesigns that have occurred both ways.

Senator EXON. Mr. Faga, where do you come down on the ongoing discussion that has reared its head on previous occasions and certainly now that we should be concentrating more on unmanned space exploration as opposed to manned space operations? What are you for, a combination of the two or more emphasis on one or the other? What is your view on that?

Mr. FAGA. I am for balance in that arena. I think that you cannot live in 1989 and not have been excited by the recent unmanned adventures in the outer planets. But at the same time it is the movement of man into space that is the ultimate measure of progress, pushing back the frontier. I would balance those two.

Senator EXON. DOD has made a decision to replace the current early warning satellite system, but there continues to exist substantial pressure to keep buying the old satellite and to upgrade it. The new satellite is part of the SDI architecture, which raises treaty compliance and budgetary concerns. There is also concern that discipline in the requirements process on the part of the Air Force may be lacking.

Do you share these concerns, and, if so, do you have any plans to review this situation in the early part of what I predict will be a very successful tenure in the position you have been nominated for?

Mr. FAGA. It will be a major issue in front of me and the Air Force, and the whole treaty compliance issue is being examined very closely in DOD right now. Obviously BSTS is going to have to be a treaty-compliant system.

As to the continuation of DSP, the earliest transition to BSTS that we might have, will begin in the late 1990s and will be completed early after the turn of the century. We are now flying DSP 14 and will be through at least number 25 or 26 by the time the system would be terminated.

There are improvements being made, but most of them are in the ground station, replacing obsolete equipment. This is a vital first-line tactical warning system, which obviously we are going to have to maintain through the turn of the century.

Senator EXON. Mr. Faga, thank you very much. Are there any further questions or comments?

Senator WARNER. No further questions, Mr. Chairman.

Senator EXON. With that, then, Mr. Faga, we are about to conclude the open session. I want to thank you and your wife for being here with us this morning and this committee looks forward to working with you on a tremendously important area as far as the individual members are concerned and the committee as a whole of the Armed Services Committee.

I think I can speak for all my colleagues by saying we are delighted at the experience and qualifications that you bring to this position. We will do everything we can to move this along as expeditiously as possible. Thank you for appearing here.

I would move now that without objection we go into executive session and I would ask Mr. Faga to remain and direct the staff to make sure that we have proper clearances in the room.

Mr. FAGA. Thank you, Senator.

Senator EXON. Without objection, then, the open session is concluded and in 60 seconds we will go into our classified session.

[Whereupon, at 10:49 a.m., the committee recessed, to reconvene immediately in executive session at the Top Secret/Codeword level.]

[Prepared questions submitted to Martin C. Faga by Senator Nunn prior to the hearing with answers supplied follow:]

MOST SERIOUS PROBLEMS

Question (1). What do you consider to be the most serious problems in the management and operation of the Department of the Air Force? What role will you have in addressing these problems?

Answer. From my current perspective, the most imposing challenge facing the Air Force today is simply having to do more with less; retaining a modern, high quality, ready force structure during a period of increasingly constrained resources and assuring a meaningful linkage between policy and programs. The Assistant Secretary (Space) must work closely with the Secretary of the Air Force, the Air Force Acquisition Executive, other elements of the Air Force, Army and Navy, the Office of the Secretary of Defense, the Joint Staff and others to ensure that our space systems are both capable and affordable in the overall context of a balanced DOD program. More generally, my experience in the Air Force, Industry and Congressional Staff will provide a valuable perspective in assisting Secretary Rice and the Air Force in establishing overall priorities.

DEFENSE REFORMS

Question (2). Do you fully support the defense reforms mandated in 1986: the Goldwater-Nichols Department of Defense Reorganization Act, the Packard Commission recommendations, and the special operations and low-intensity conflict reforms? What leadership role will you be assigned to insure the full and timely implementation of these reforms?

Answer. I strongly support the reforms of the Goldwater-Nichols Defense Reorganization Act and the Packard Commission recommendations especially with regard to the streamlining of procurement. The Secretary of Defense's July 1989 Defense Management Report sets forth a plan for implementing these recommendations and changes. The Air Force Secretariat is currently engaged in the development of an Air Force implementation plan. If confirmed, I will be joining that team and expect to be involved continuously in assisting Secretary Rice in the implementation of these plans.

I am aware of the important reforms in the special operations and low intensity conflict areas but am not familiar with them in any detail and do not by the nature of my duties expect to be involved significantly.

Question (3). The Senate Armed Services Committee was persuaded to add funding to the MILSTAR budget request this year for a certain classified program. Do you support this initiative? Do you believe that resources can be made available in subsequent years within the Air Force or overall national security budget to bring this initiative to fruition?

Answer. I believe that the MILSTAR capabilities for which the Senate has added funding are valuable and hope that they will ultimately be funded. The administration has not yet made decisions on the fiscal year 1991 budget.

Question (4). The time, cost, and complexity of satellite and booster integration and launch preparation are enormous. Also, seemingly small changes in booster characteristics can require expensive and time-consuming satellite re-integration efforts. This problem also seems to preclude redundant launch capabilities for most satellites. In the past, additional increments of booster payload capacity and volume have been used to increase satellite performance rather than to improve responsiveness or to reduce costs of satellites and integration.

Conceptually, the Advanced Launch System (ALS) offers the prospect of correcting these and other related problems. Implementing this concept properly, however, will require a change in the mindset and priorities of satellite sponsors. Providing the large up front investment needed for the ALS program and for satellite design changes also will be difficult, to say the least, given budget constraints and competing priorities.

If confirmed to the post to which you have been nominated, you will be in a strong and unique position to shape decisions in these areas. How do you rank the ALS program in priority for the future of the United States' national security space program? Do you believe the necessary discipline can be applied within the satellite community to exploit the potential of the ALS?

Answer. I believe that the Advanced Launch System should be accorded high priority as a primary element of our efforts to provide a more responsive, operational, and cost effective launch capability. ALS is an umbrella program under which the Air Force will develop the many different elements of launch which are needed in order to achieve the three goals (responsiveness, operability and cost effectiveness). These elements would include such features as improved reliability, maintainability; reduced cost; improved launch processing; and other capabilities that would amount to a fundamental cultural change in the way the Air Force does business in the space launch arena. I believe this need for change is understood in the Air Force.

However, the relative priority of the ALS initiative must be balanced within the context of our total set of space-related requirements and available resources. Just as there is a need to improve our launch capabilities, which the ALS program will accomplish, we have other space-based capability shortfalls that must also be addressed.

ALTERNATIVES TO IMPROVING SATELLITE SURVIVABILITY

Question (5). Do you believe that so-called "LIGHTSATs" have a role to play in ensuring continuity of space-based support to military forces in wartime? What areas or applications do you view as promising, if any?

Answer. I believe that LIGHTSATs may be valuable for military support in wartime. I further believe they are most likely to support communications and tactical surveillance functions. Such systems should have peacetime utility, but would have their principal usage after conflict has begun, either to complement existing capabilities, to surge capabilities, or to reconstitute forces lost in the conflict. However, LIGHTSAT concepts should compete with modifications to other systems and with aircraft for these missions. As with other defense programs, resource constraints must be borne in mind.

SPACE LAUNCH POLICY

Question (6). The Commander of U.S. Space Command argues that U.S. military space launches should become a "normal" military operation, meaning, in part, that space launches should be conducted by uniformed military personnel rather than a "standing army" of civilian technicians or under commercial contract. Do you believe this policy goal should be adopted by the Air Force, Department of Defense, and the national satellite programs? Do you think it can be achieved without implementing the concepts reflected in the Advanced Launch System program? How might such a policy conflict with current Administration commercialization policy and the ability of commercial ventures to use Government launch facilities?

Answer. I believe that operational space launch means that launch must be simpler and more rapid than is currently the case. The development of an operational launch capability will necessarily be a transition from current practices to new practice. It may begin with the military satellites, particularly those for tactical warning, communications and navigation. National satellite programs have less need for a military launch capability, and I foresee their transition coming later. The Advanced Launch System is the umbrella program under which most new concepts to attain operational launch will be developed. If ALS is successful in lowering the cost of launch, it will be attractive to commercial users. I foresee commercial users developing separate launch facilities but using the same modern boosters. Moreover, as military facilities are developed for ALS, government launch pads used for older systems such as Delta, Atlas, and Titan can become more available for commercial use, where economically viable.

NATIONAL AEROSPACE PLANE

Question (7). The National Space Council's recent review of the National Aerospace Plane Program resulted in a decision to resurrect a program that DOD had decided to terminate. Can the Space Council's decision be supported by the Air Force in the Five Year Defense Program without impacting other programs and goals, such as enhanced survivability and launch responsiveness?

Answer. I believe that development of the technology for a National Aerospace Plane is a valid priority. It is a logical focus for a wide range of technologies such as materials, avionics and propulsion needed for hypervelocity flight. It is an area in which the Air Force must be involved. The recent restructuring was designed to provide an affordable program.

CIVIL SPACE INITIATIVES

Question (8). Recently, the President announced a long-range plan that would lead ultimately to a manned mission to Mars. There has been some speculation in the media that such an endeavor might come at the expense of national security budgets. What are your views on the plan, its affordability, and its implications for the DOD budget?

Answer. The administration has announced a plan for our future civil space program which sets broad and long term goals. The fact that NASA and DOD are both involved in space activities does not suggest to me that one will be traded for the other. Space is a means to help achieve national security, and national security initiatives will be weighed accordingly.

[The nomination reference of Martin C. Faga follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
July 11, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Martin C. Faga, of Virginia, to be an Assistant Secretary of the Air Force, vice Tidal W. McCoy, resigned.

[The biographical sketch of Martin C. Faga, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF MARTIN C. FAGA

Martin C. Faga was born June 11, 1941 in Bethlehem, PA. He graduated from Lehigh University with bachelor and masters degrees in electrical engineering in 1963 and 1964 respectively.

Mr. Faga served as a research and development officer in the U.S. Air Force from 1963 to 1968 working in the field of infrared reconnaissance equipment and the application of laser technology to reconnaissance. He worked briefly for the Perkin-Elmer Corporation in customer liaison before joining the MITRE Corporation as a member of the technical staff in 1969 working in the field of seismic and magnetic remote sensors.

Mr. Faga joined the Office of Development and Engineering of the Central Intelligence Agency in 1972 where he worked on advanced systems for intelligence collection by technical means. In 1977, Mr. Faga became a member of the professional staff of the Permanent Select Committee on Intelligence of the U.S. House of Representatives. He has been assigned to the Program and Budget Authorization Subcommittee during that time, serving since 1984 as head of the staff assigned to the Subcommittee. His responsibilities include staff oversight of technical collection programs and coordination of all of the work of the Subcommittee.

Mr. Faga is married to the former Barbara Macklin of Dayton, OH. They have two sons, Jeffrey, a midshipman at the U.S. Naval Academy and Scott, a student at Virginia Tech.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Martin C. Faga in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Martin Clark Faga.

2. **Position to which nominated:**
Assistant Secretary of the Air Force (Space).

3. **Date of nomination:**
July 11, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
June 11, 1941, Bethlehem, PA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married to former Barbara Lou Macklin.

7. **Names and ages of children:**
Jeffrey M. Faga, 19; Scott M. Faga, 18.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Liberty High School, Bethlehem, PA, 9/56-6/59 Diploma, 6/59.

Lehigh University, Bethlehem, PA, 9/59-8/64 BS Electrical Engineering 6/63; MS Electrical Engineering 10/64.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Professional Staff Member, Program and Budget Authorization Subcommittee, House Permanent Select Committee on Intelligence, H-405 Capitol, Washington, DC 20515.

Employed since November 1977 with primary responsibility in technical intelligence systems.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Phi Delta Theta social fraternity.

Ravenwood Citizens Association.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Tau Beta Pi engineering honorary fraternity.

Eta Kappa Nu electrical engineering honorary fraternity.

Air Force Commendation Medal.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

I have spoken often to the Security Affairs Support Association, National Military Intelligence Association, American Institute of Aeronautics and Astronautics, training groups at the Central Intelligence Agency, the Defense Intelligence College and the U.S. Naval Academy. These presentations have been informal and have concerned congressional process, the budget process, and congressional attitudes toward intelligence or some subspecialty. Most presentations have been classified. A formal text was not prepared.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Yes, based on recommendation of the Secretary of Defense.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have the technical education and experience as well as the government experience and specific programmatic knowledge needed for this position.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Martin C. Faga.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

MARTIN FAGA.

This 12th day of July, 1989.

[The nomination of Martin C. Faga was reported to the Senate by Senator Sam Nunn on September 20, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on September 21, 1989.]

NOMINATION OF GEN. COLIN L. POWELL, USA, FOR REAPPOINTMENT IN THE GRADE OF GENERAL AND FOR REASSIGNMENT AS CHAIRMAN OF THE JOINT CHIEFS OF STAFF

WEDNESDAY, SEPTEMBER 20, 1989

U.S. SENATE,
ARMED SERVICES COMMITTEE,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m. in room SR-325, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Warner, Thurmond, Cohen, Wilson, McCain, Wallop, Gorton, Lott, and Coats.

Other Senators present: Senators Stevens and Moynihan.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: Robert G. Bell, David S. Lyles, Michael J. McCord and Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Inga B. Schoonover, special assistant; Brian D. Dailey, George K. Johnson, Jr., George W. Lauffer, Durwood W. Ringo, Jr., and Mark B. Robinson, professional staff members.

Staff assistants present: Barbara L. Braucht, Barbara Gallo, Lori M. Jackson, Kelli J. Pronovost and Debra A. Rice.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Kenneth N. Luongo, assistant to Senator Levin; William J. Lynn, assistant to Senator Kennedy; John Gerhart, assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Leon S. Fuerth, assistant to Senator Gore; Jefferson B. Seabright, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; Christopher K. Mellon, assistant to Senator Cohen; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Jack D. Crouch II, assistant to Senator Wallop; Robert M. Soofer, assistant to Senator Gorton; Charles G. Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The committee meets this morning to consider the nomination of General Colin L. Powell to be the Chairman of the Joint Chiefs of Staff, the Nation's most senior military position.

On behalf of the committee I would like to extend a warm welcome to General Powell.

I would also like to welcome and recognize his wife, Alma, who is sitting right behind him. Alma, we are delighted to have you here this morning.

General Powell is well known to the members of this committee. We have worked with him over the years in numerous jobs but essentially and especially when he was Executive Assistant to the Secretary of Defense, when he was the National Security Adviser, and in his present position as Commander in Chief of the Forces Command located, I might add, in Atlanta, GA.

I am not sure why you are giving that position up, but nevertheless, we are glad to have you here.

If General Powell is confirmed by the Senate, as I fully expect, he will be the first Chairman of the Joint Chiefs to enter that position subsequent to the enactment in October 1986 of the Goldwater-Nichols Reorganization Act, which made very substantial changes in the role of the Chairman and, indeed, his relationship throughout the chain of command.

That act fundamentally changed the role of the Chairman by making him the principal military adviser to the President, the National Security Council, and the Secretary of Defense; by transferring the responsibilities of the corporate Joint Chiefs to the Chairman and by specifying several new statutory responsibilities for the Chairman relating to fiscally constrained strategic planning representing the combatant commanders in the budgeting and acquisition process and performing net assessments.

General Powell follows Admiral Crowe, who had the task of initial implementation of this major change. Admiral Crowe has done a superb job as Chairman, and I will have more to say about that at a later date in terms of his outstanding service to the Nation.

At the time of Admiral Crowe's nomination hearing in July 1985, I said that he is the right man in the right place at the right time. I think that statement applies equally to General Powell.

The challenges General Powell will face as the next Chairman of the Joint Chiefs are numerous and complex. He will have to deal with fundamentally and potentially far-reaching changes in the Soviet Union which produce both challenges and opportunities.

We certainly, I think, have to be prepared for backward steps to occur in the Soviet Union. I do not think everything is going to be in terms of calm seas. Almost inevitably we will have disruptions and changes, perhaps with suddenness, perhaps at times with violence.

As an alliance in NATO, we must take advantage of the opportunities, but also be prepared for backward steps by beginning now to think through how we will respond to different scenarios, and the Chairman of the Joint Chiefs will have to lead that thinking.

Also, he will be challenged, as will our entire Department of Defense, with obtaining the maximum defense capability within declining resources while reshaping our military strategy to closely match ends and means.

He will be faced with completing major arms control negotiations and carefully structuring U.S. and allied forces in their aftermath.

I think that NATO has to begin thinking beyond conventional force talks and begin serious consideration of the kind of European political and security system we want to achieve in the next decade and in the next century, and I believe the time has also come to start looking at specialization in NATO so that each country begins to play the instrument it plays best rather than trying to play the whole symphony orchestra.

The Chairman will also be responsible for defining the military role in solving the drug problem, and those of us in the Senate and the House are busily trying to sort out the funding for that right now, and all of us recognize, as Secretary Cheney has just said, that this problem presents a grave threat to the United States and, indeed, to the entire hemisphere.

And the Chairman will also have to provide—in addition to all that—expert advice as we attempt to resolve the wide differences we face in the conference on this Defense authorization bill that we are in right now, and the outcome of this conference will have a major effect on our strategic nuclear programs as well as our arms control position.

So, General Powell, you have a big job ahead of you. You bring a tremendous amount of talent, insight, and experience in all of these areas. Your accomplishments are well known. I will enter your biographical sketch at the end of this hearing record.

General Powell has answered the advance set of questions on defense planning and management issues that we have sent to him. These answers were provided to the committee members as soon as they were received, and I would ask unanimous consent that these questions and answers be entered in the record. Without objection, they will be.

[The information follows the hearing record.]

Chairman **Nunn**. In a moment we will be pleased to hear from our friend, Senator Moynihan, of New York, who will be introducing General Powell. He represents the State where General Powell, I believe, grew up.

Before asking Senator Moynihan for his introduction, I would turn to my colleague, the ranking Republican, Senator Warner, for any comments, and then, Pat, we will call on you.

Senator **Warner**. Thank you, Mr. Chairman.

Mr. Chairman, I think first you would like to join with me and others in recognizing the presence in the hearing room of Mrs. Powell. She has been a mighty force behind this officer for many, many years, and I know when I had the privilege of telephoning you on the day the President conveyed the decision to me and others, I expressed to you the importance of your family and your understanding of family relationships as you took on this responsibility.

Further, Mr. Chairman, I think the President of the United States is to be commended for this choice. Having had some modest responsibility prior to service in the Senate in selecting flag and general officers, I know that it is not an easy decision. Perhaps, it is an easier decision simply to go down a few numbers, as we say, and pick the next senior officer.

But here a deep selection was made which conveys to me that the President and his principal advisers thought carefully and long about this particular selection, and I think it was a wise one.

And, so far as I can determine, there is a chorus of approval from all ranks from private to four star in all services in support of this nomination, and that is a personal credit to you and a reaffirmation of the President's decision.

I look forward to working with you, General. We have had a lot of association heretofore in a variety of capacities, but you understand this institution, the Congress of the United States, and you know how to arm wrestle us.

And I am sure that you will do very well, not only in executing the orders of the President of the United States, but in providing for the welfare of the men and women of the Armed Forces, and particularly in light of the fact that we are now in the fifth consecutive year of declining military budgets in real terms. That impacts on readiness, but it also impacts on the families and the men and women who wear the uniforms.

You will be at your finest hour, I think, when you wrestle with the Congress. I thank you.

Chairman NUNN. Thank you, Senator Warner.

Senator Moynihan, we are delighted to have you here for the purpose of introducing General Powell.

STATEMENT OF HON. DANIEL P. MOYNIHAN, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator MOYNIHAN. Thank you, Mr. Chairman.

Senator Warner mentioned the chorus of approvals being heard at this nomination. May I suggest, sir, that way in the background you are hearing the massed voices of the Pershing rifles of the City College of New York hailing their first ever Chief of Staff.

This is for the oldest city institution of its kind on earth. It has taken a century and a quarter to come about, but the plans were well laid, and they are now triumphantly in place.

General Powell, as you know, is a native of New York, of Manhattan. He was raised later in the South Bronx, as is the pattern of our migration. He graduated from City College in 1958. You were a cadet colonel, I believe, at the ROTC, the Pershing Rifles, and this is a moment for us, and you will understand why.

You know the qualities of this officer. You know his extraordinary abilities not just in the military world, but in the world of negotiation that Senator Nunn referred to.

I would call attention to just one fact of his career. He presided as National Security Adviser over implementing the inspection arrangements of the Intermediate Nuclear Forces Treaty, arrangements without precedent in the history—and it is a very long history—of nations trying to regulate and agree to levels of arms.

This was the first time ever an agreement was reached to dismantle a whole family of weapons and it was done so with the most minute inspection hands-on and in person by teams from the respective nations. I do not think it ever happened before. It has gone so smoothly, I think that we do not really perhaps know enough about it, how well it has gone, and this is an achievement beyond anything in the annals of military assignments, and General Powell carried it out.

I commend him to the committee, of course. I think he would not feel me wrong if I said that there was a certain bitter sweetness about today. Today or very shortly, sir, will be your last day in the Army, but it is——

Senator **Warner**. So, is the pay going to stop?

Senator **Moynihan**. Under the Goldwater-Nichols Act, he is now loyal to all the branches of the service, and he has proved himself a man capable of such loyalty. I commend him to this honorable committee.

Chairman **Nunn**. Thank you very much, Senator Moynihan. We appreciate you being with us this morning and providing your introduction.

General Powell, I know that you have at least some preliminary thoughts, and we welcome any thoughts you may have as you enter into this awesome responsibility.

STATEMENT OF GEN. COLIN L. POWELL, COMMANDER IN CHIEF, FORCES COMMAND, FORT McPHERSON, GA

General **Powell**. Thank you, Mr. Chairman, for your very kind introduction, and thanks to Senator Warner for his very kind words as well, and a special thanks to my friend, Senator Moynihan, for introducing me as a fellow New Yorker as well as a fellow graduate of the City College of New York, even though I am convinced we did not have the same speech professor as we went to the City College of New York.

Mr. Chairman, I am deeply honored to be here today and humbled to be here today as the President's nominee to be Chairman of the Joint Chiefs of Staff.

If confirmed, I promise you that I will do my very, very best to carry out my responsibilities. I will not do any less. I will always do my very best.

As I look at the committee this morning, I see friends, I see Senators that I have worked with before, sometimes on the same side of the issue; other times fighting on opposing sides of the issue, but always in the spirit of openness, candor, honesty, and fair fighting.

I promise the members of this committee that I will always approach my dealings with this committee and all of the other appropriate committees and the entire Congress in the same way that I have in the past because I consider it an article of faith that we both have the same objective, the same purpose, and that is to see that we take actions with respect to our Armed Forces that keep them strong, that keep them ready, and that keep us prepared for whatever challenges may come ahead.

This is a time of challenge, as the chairman has pointed out. There is anxiety in the world today. There is some instability. People are not quite sure where events are taking us as we see the significant changes that are taking place in the Soviet Union.

But, as the chairman also said, it is the time of opportunity. It is the time of hope. I think we need to take advantage of the opportunity. We need to respond to the hope that we see in the hearts and minds of people around the world.

The U.S. Armed Forces have a role to play during this process. It is the same role that we have been playing for the last 40 years. It is a role that I think we will have to play for many years to come, and that role is simply to be strong, to be ready, and to serve as a symbol of strength to both our potential adversaries as well as to our friends, to let the Soviets know that we are willing to work with them, we are willing to watch carefully and even assist as appropriate in the changes that are taking place in their country, but always from a position of strength, political strength, moral strength, value strength and, yes, the strength of our Armed Forces.

And so as we move ahead, we should not stick our heads in the sand and say nothing is happening in the world. But, at the same time, we should not drift off and do wishful thinking. This is the time for very careful, steady analysis of the changes that are taking place.

As the chairman said, we will have to reshape our policies and reshape our Armed Forces as the world reshapes itself over the next several years. And I look forward to working with the Members of Congress in this reshaping process.

I could not close these few opening remarks, Mr. Chairman, without also saying a word about Adm. Bill Crowe. He has been a brilliant Chairman. I think he has done a superb job over the last 4 years as he began the implementation of the Goldwater-Nichols Act, as he dealt with the various crises that came along, as he started to structure joint military education programs for the officers of the Armed Forces, and as he broke new ground with respect to U.S.-Soviet military relations.

The Nation has been well served by Adm. Bill Crowe and I certainly look forward to building on his very, very superb accomplishments.

With that, Mr. Chairman, I am prepared to take the questions of the committee.

Chairman NUNN. Thank you very much, General Powell.

I will just open with a couple of questions. You mentioned the Goldwater-Nichols Act and you mentioned the role of Admiral Crowe and the superb job he has done; I share your assessment of that.

Taking the foundation as you now find it, and as you observed it I am sure while you have been both at FORSCOM in Atlanta and also prior to that in the White House, what do you believe the challenges are now for the new Chairman under Goldwater-Nichols? How do you see the foundation now? And how do you see your role from this point?

General POWELL. Admiral Crowe has always said that it would take, oh, about 5 years or so to fully implement what the intent of the Act was. And I think that is right. What I am going to concentrate on is making sure that I first structure the Joint Staff and continue to work with it to instill the philosophy that they are the staff of the Chairman of the Joint Chiefs of Staff, not just a corporate staff, so that I get the very best possible advice I can.

I will seek even more ways to make the CINCs, the commanders of the unified and specified commands, an important part of the process, by seeking their advice at every opportunity, by making sure I have open lines of communication with them, and by bringing them into the total process of resource allocation, of prioritization, on all issues that might be facing the Chairman.

And also, to never lose sight of the fact that, although the Chairman is the principal military adviser to the President, the Secretary of Defense and the National Security Council, he is not the only one. All of the Chiefs are military advisers. And I am certainly going to work with my fellow Chiefs and with our very distinguished Vice Chairman to make sure that, as I formulate my military advice and give that focused military advice as suggested under the Act, that it is informed advice, based on what I have heard from the Chiefs as well as the CINCs.

So, I will be concentrating on the views of the CINCs and the other Chiefs, making sure that the Joint Staff is responsive to my needs, and assembling the best possible advice I can from all sources to ensure that I am performing that clear role given to me under the Act as principal military adviser.

Chairman NUNN. Thank you, General Powell.

Do you agree, if you are confirmed for this high position, to appear before this committee and the other appropriate committees of Congress, and when asked, give your personal views, even if those views differ from the administration in power?

General POWELL. Yes, sir.

Chairman NUNN. You mentioned, General Powell, the changes taking place in the world, the challenges, and the hopes and aspirations of the American people, and indeed, the people of the world. What kind of changes do you see on the horizon for the next 4 or 5 years, as far as America's military forces are concerned, and what kind of general questions will you be asking about our strategy?

I guess I am not asking you to give the answers now, but what are your questions going into this job?

General POWELL. Well, my questions would be where do we think the Armed Forces will be 4 or 5 years out, in light of the changing geopolitical situation and in light of the changing resource environment—the resources available to the Department of Defense?

As you know, Mr. Chairman, over the last 4 or 5 years, we have seen close to a 14-percent reduction in real growth. And although our plans call for some modest real growth increase in the next several years, I think it is going to be difficult to achieve or to realize those programs.

And so as we examine the combination of reduced resources and a changing world, I think we will have to start to make some judgments as to what the Armed Forces should look like 3 or 4 years from now, as opposed to just getting around to it every time we have a budget cut or a Gramm-Rudman threat comes along and we suddenly start doing across-the-board whacks.

And as I start to ask questions about that glide path that we may be heading onto, I will ask questions about what we need to do first and foremost with respect to our strategic modernization programs. I think that is a sine qua non. We cannot do everything but we can ensure that we protect our strategic modernization programs. Perhaps later in the hearing I can talk more about that.

Chairman **Nunn**. Would you care to name what you define as strategic modernization programs?

General **Powell**. Our investments in the modernization of our strategic offensive forces, to include the air-breathing component as well as the land-based missile component and by that I mean the B-2 bomber and the MX missile, as well as the Midgetman. Our two mobile land-based systems and the B-2 bomber are essential elements of our strategic modernization program.

Chairman **Nunn**. You see all of those as being important now?

General **Powell**. I see all of those as being vital. They are an essential element of maintaining a Triad for the foreseeable future, and I know of nobody suggesting that that is a bad policy to have, the policy of the Triad. And without these programs we cannot maintain that Triad.

Chairman **Nunn**. The House bill takes out both the MX rail-mobile and also the Midgetman missile. What is your view of the effect of the House bill, if it were to become law, on the strategic arms negotiations?

General **Powell**. I think it would completely unhinge our START negotiating position for the simple reason that, over the years of these discussions—and I have participated over the past 2 years in a number of discussions with the Soviets, with the Congress and with my colleagues in the administration—it was a given, it was a bedrock point within those deliberations that we would modernize our ICBM force, making it mobile, if we could not get a ban on mobiles, as well as our air-breathing leg.

So I believe it would seriously unhinge our START negotiating position.

Chairman **Nunn**. I believe that my time has expired. Thank you, General Powell. Senator Warner.

Senator **Warner**. General Powell, you mentioned a 14-percent decline in real growth; capping off an earlier observation, I said this was the 5th straight year of declining defense budgets. Do you think the time has come to reexamine roles and missions, in view of the fact that we have had 5 consecutive years now of declining budgets? Can we continue to have this basic, give or take a point or two, one-third, one-third, one-third allocation between Army, Navy, and Air Force?

General **Powell**. I think we should always, on a continuous basis, examine roles and missions, Senator. And as you know, the Goldwater-Nichols Act directs the Department and the Chairman to do just that.

I am not sure it is quite as mathematical as you suggest, one-third, one-third, one-third.

Senator **Warner**. Well, it varies a point or two.

General **Powell**. Yes, sir.

Senator **Warner**. You and I know the politics of that building.

General **Powell**. Yes, sir, we do.

In the years ahead, I think we will have to do just that.

If I can just continue on my answer to Senator Nunn's question, which was similar to yours, in addition to making our strategic modernization programs a bedrock item that we have to do, on where I would put my first question, I would then say what do we have to do with respect to our conventional forces? How do we make the correct balance between forward-deployed forces, reinforcing forces, contingency forces, and maritime forces?

And, as the resources decline, and as the overall situation changes throughout the world, we will have to make adjustments in those different elements of our deterrent equation.

Senator WARNER. Let me pose the question in a different way. According to this biography, in December 1986, you concluded your tour of duty as commanding general of Fifth Corps, U.S. Army, Europe. And at that time, you were a front-line commander.

Now, as we are approaching December 1989, do you see any change in the quantum and quality of the threat that is posed to the United States from the Soviet Union between December 1986 and this coming December?

General POWELL. Since I left command of Fifth Corps, the forces arrayed against Fifth Corps have not significantly changed at all. In fact, the Soviet armies that were the ones I worried about when I was commander of Fifth Corps are still there and continue to modernize.

Now, I recognize that the Soviets have indicated that they would be making changes, and some changes are underway, but it seems to me rather premature to bank all that and believe we can make significant changes in our force structure overseas, our forward-deployed forces.

But I cannot say what might happen when all of these Soviet changes are, in fact, completed, if they are completed in the way that General Secretary Gorbachev suggests they will be and what we might get as a result of a conventional force reduction agreement.

Senator WARNER. So, in other words, it is your posture that at the present time we should maintain the basic force structure we have had since December 1986, when you departed?

General POWELL. For the foreseeable future, yes. I have seen nothing in the overall equation that would suggest that it would be prudent to make significant reductions.

But, at the same time, declining resources are going to require us to take up the slack somewhere.

Senator WARNER. Let us travel to other parts of the globe. Let us take the Pacific Rim. Has there been any change in the threat in the Pacific Rim?

General POWELL. No significant changes, Senator.

Senator WARNER. What do you foresee as the role of China?

General POWELL. It is hard to tell at the moment. They are going through a bit of upheaval. My own view is that they will come through this period of upheaval over time, and the same objective circumstances which caused them to turn in our direction will still be there and they will eventually turn back in the direction that they were headed before the Tiananamen Square event.

And I think China will continue to be a major regional power in that area, as well as the Soviet Union. So nothing objectively has changed in the Pacific region, nor do I expect significant changes in the next few years.

Senator **Warner**. And as for Japan, with the next largest military budget behind the United States and the Soviet Union, would you encourage them to increase that budget?

General **Powell**. I would always encourage them to do more, consistent with the mission they have taken on for themselves to defend the Japanese islands out to a certain range. I think they can do more. I think there are practical limits to what they can do, because they do, as you say, have the third largest budget.

Senator **Warner**. In other words, you think they should do more militarily?

General **Powell**. They can do more militarily and we also should encourage them to do more to offset the cost to the U.S. forces in that part of the world, as well.

Senator **Warner**. As to the direct correlation between resources—again, I come back to the 5th-year of declining defense budgets—and our commitments, particularly our commitments to our allies through treaties and other agreements, at what point do you think we might approach a mismatch in the quantum of commitments and the resources we have, in terms of our own Armed Forces, and those of our allies?

General **Powell**. I think we are approaching that point now. The problems I have had in recent months as the Commander in Chief of Forces Command is to watch the monies available for all of our Army programs suffer negative real growth, yet no missions have changed. Sooner or later we are going to have to find places that we can make significant reductions in either commitments or in forward-deployed forces or in R&D programs or procurement programs to compensate for declining budgets.

We cannot just keep tightening our belt. It will require some major realignments.

Senator **Warner**. Let me conclude with a last question here on the subject of drugs and drug enforcement. The Secretary of Defense, I think very wisely, has gone out to his CINCs and put in a request for their analysis of the situation in what they can do. And, indeed, that step by the Secretary of Defense is a follow-on to 2 years of actions by this committee, in which we have likewise encouraged and authorized additional funds.

But there is one little core question that troubles this Senator continuously, and I am steadfast in my views on this. And that is that we should not extend, legislatively, the power of arrest to a soldier, sailor, airman, or marine in the prosecution of his or her duties as a part of the U.S. Armed Forces in supporting the fight against drugs.

What is your view?

General **Powell**. I agree with you, Senator. I think, by law and tradition, that is an inappropriate role for servicemen in the U.S. Armed Forces.

Senator **Warner**. Thank you, Mr. Chairman.

Chairman **Nunn**. Thank you, Senator Warner.

Let me just announce we are going to vote on a couple of nominees here in a few minutes. We have a quorum and we have a backlog of military nominations, so in about 10 minutes we will be voting. It will not take but just a moment.

But now I call on Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

General Powell, my heartiest welcome to you here before the committee.

You come with the very unique background, probably the most unique background of anyone that the President has ever nominated for this position, having been the National Security Adviser previously, having command experience, and having experience in Europe. We are looking forward to working with you in the future.

This Senator enthusiastically supports your nomination and I congratulate the President for offering someone of your talents and proven abilities.

We are looking forward to working with you in future years on the things that face us, and I simply say that I have enjoyed, as much as anything else in my service in the Senate, the excellent working relationship that I have had with all of your predecessors. Certainly, the comments that you have made about Admiral Crowe are most welcome, and those that preceded him fall in that line.

And congratulations, we are looking forward to working with you.

General POWELL. Thank you, Senator.

Senator EXON. Given your background and experience, I am going to be asking you some questions that would be very easy for you to duck and say well, I have not gotten into that yet, but I think most of my questions are along the line of the experience that you have had in the military and as an adviser to the President of the United States on national security policy.

First, specifically, given the reduction in resources that we have for our overall national defense policy, what do you think we could do about beginning, at least, to bring back some of our troops and dependents that we now have overseas, scattered throughout the world? I am not looking for you to identify any particular place.

I recognize that there are military concerns though sometimes they may be overemphasized. I think tripwire forces in some place there could do the job. I also recognize that we have military concerns other than just early response capability. I also recognize that there are diplomatic and political concerns in these areas as well.

But do you at least believe that we are in the position now to begin the withdrawal of some of our forces flung around the globe?

General POWELL. Not yet, Senator. They may be flung around the globe, but they have served a very useful purpose in the postwar period; that is, to give us the longest period of peace we have seen in some time.

I would not unilaterally cut these forward deployed forces. I would certainly be willing to consider reductions and think we will consider them as we complete our negotiations with respect to conventional force reductions in Europe. We can certainly examine reductions as a result of those negotiations.

With respect to our Pacific deployments, I would only do it after the fullest consultation and study of the issue with our allies in that part of the world, so I would be very hesitant to do it to satisfy an immediate budget problem or just because people think the danger is past. I would only want to do it in concert with and after discussions with our allies and only in response to permanent changes in the world scene and not just rhetoric or hopeful changes in the world scene.

Senator EXON. Specifically, let me ask about South Korea. Do the statements you just made apply to forces that we have deployed in South Korea as well?

General POWELL. Yes, sir.

Senator EXON. Let me go to another question.

We are continually wrestling with some of the things that you referred to in your remarks in the Strategic Subcommittee. I cannot tell you how much I appreciate your coming up front on these issues. We seem to generally agree completely on that as we have in the past.

Let me put it this way. If the B-2 does not pass the hoops that this committee and others have insisted that it pass through before we continue substantial funding and if the backing, support, and finance that are necessary out of the Congress would fail—in other words, if the B-2 fails for whatever reason and we do not have a B-2 or the likelihood of a B-2 bomber 2 years from now—would you believe that it would be wise for us to consider the present START talks and the general agreements that have been entered into without ratification? Do you think we should proceed with START ratification or consultation if we do not have a B-2?

General POWELL. If there is no B-2, Senator Exon, we have essentially started to phase out the air breathing leg of our Triad. Our START negotiations assume that we will have a modernized air breathing bomber leg. Without the B-2, we no longer have the same START position that we have been advocating for the last several years, and I think it most unlikely that there will be a treaty up here to be ratified.

We would have to go back quite a way and start all over to renegotiate, I think, or negotiate a different kind of treaty because a lot of the decisions that have been made over the years, to include such things as the Reykjavik counting rules, and other judgments we have made over the last several years relied on us having modernized penetrating bomber capability as represented by the B-2.

Chairman NUNN. Would the Senator yield just briefly on that?

I think without costing you any time, which has just expired, although I will still give you 10 seconds, what you are saying is on the B-2, basically when we negotiated 2 or 3 years to get a counting rule that counted standoff cruise missiles on bombers different from bombers that do not have them, we had the B-2 in mind then, and if the B-2 is not going to be a reality whether it is because it is cut or because it does not work, then we have to back up in START and renegotiate the entire counting rule mechanism on bombers, do we not?

General POWELL. That is exactly right, Senator. We have had the B-2 in mind for over 10 years. It is a system that has not suddenly shown up. Several administrations have been behind the particular capabilities of this system. It was the manner in which we intended to keep the air-breathing leg of our Triad in place, and we will not be able to do that over time without this weapon system.

I guess, to put this B-2 matter in proper perspective, the B-2 and its expensive price tag that has been talked about all over the land is more of a peacekeeper, it seems to me, than even the Peacekeeper itself. Maybe we should name it Peacekeeper 2. I was never particularly enthused about the MX being called a Peacekeeper.

I think it has not been told across this land that the B-2 is really our only chance to ratify the START agreements as they stand right now. I just wanted to make that point.

You may not have any ideas on this at all, but this is my last question. One of the things that I believe is very likely to face you somewhere along the line as Chairman of the Joint Chiefs is the deep concern that many have with regard to the Navy's handling of the tragedy on the *Iowa*. There is a distinct odor of a cover-up.

Do you have any thoughts on that? Do you have any knowledge of it? As Chairman of the Joint Chiefs, how might you be involved?

Senator WARNER. Mr. Chairman, could we interrupt to ask the Senator; what is the basis for a cover-up charge? I know of no allegation publicly that has been made by anyone on that basis.

Several days ago I asked the chairman to hold a hearing on that in our general review of the procedures followed, but I know of no public statement by anyone to the effect that this may be a cover-up.

Senator EXON. Oh, there has been. I have read several stories, I would say to you, my friend, Senator Warner, that indicate the Navy has been less than forthcoming on this whole matter. There have been all kinds of charges against people who are no longer living and which we cannot prove one way or the other.

Maybe "cover-up" is not the right word. There is something there about which I think many of us are very much concerned, and I am wondering what your reaction is to that.

General POWELL. Senator, I have not been involved in the investigation, of course. All I know is what I have seen from press reports. I really am not competent to make a statement on the investigation at all.

Senator EXON. Thank you, General Powell.

Thank you, Mr. Chairman.

Chairman NUNN. Let me add for clarification that the Navy has furnished the committee with its entire investigatory file. They have cooperated with the committee. The committee started out with wanting to give the Navy every opportunity to do its own investigation. It has now done its investigation. We have the file. We are beginning a review on it consistent with staff responsibilities in the conference which we have to place first.

I have assured Senator Warner as well as Senator Glenn and Senator Metzenbaum who are very interested in this that we will have hearings. We will be giving this careful scrutiny, and we will give every member a chance to ask any questions of the Navy that they choose to ask. Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

General Powell, I want to add my own words of congratulations to you. I also want to say you should savor this moment and the lavish comments being heaped upon you. They are as exquisite as the cherry blossoms that grace the city for about 3 days in the spring, and they have just about the same life expectancy.

General POWELL. You and I have worked together before, Senator Cohen.

Senator COHEN. I would like to return to the B-2. As I understand the counting rules, under the Reykjavik counting rules, the bombers with air launch cruise missiles would count as having 10 warheads even though a B-1 outfitted, let us say, or a B-52 outfitted with ALCMs could carry as many as 20. So you have basically a counting rule which gives you about 950 warheads above the 6,000 limit that we are talking about in START.

Is that your understanding as well?

General POWELL. Yes, sir. That has to do with the nuclear ALCM carriers, B-52Hs principally.

Senator COHEN. The B-2 could carry up to about 2,500 nonaccountable warheads in the sense that if you had a B-2 equipped with 20 gravity bombs, you would have it count only as one. So you would have about a 2,500-discount rule as such applied to the B-2; is that correct?

General POWELL. That is correct, Senator. It counts as one warhead and one system.

Senator COHEN. Now, I am told that the Joint Chiefs have been arguing about considering dropping the rule that would allow the B-1 or the B-52 to carry 20 and count as 10. In other words, they want to go as equipped as opposed to the discount rule so that each air launch cruise missile would count as one, eliminating that discount rule.

Number one, is it accurate? Number two, would you favor that?

General POWELL. First, I do not know if the Chiefs have been considering this matter in any detail or have come to a conclusion that is different from our current START position which is an attributable rule of 10. I do not know whether the Chiefs were planning to change their position on that.

For the last several years we have debated frequently as to whether or not, to move the negotiations along, should we move to an as-equipped rule from an attributable rule.

To the best of my knowledge, our position at the moment remains an attributable rule.

Senator COHEN. What is your view?

General POWELL. My personal view is that I think I want to wait until I have taken over office and studied the issue a little bit more before I would publicly commit to one or the other.

Senator COHEN. Before you take office, let me give you a view of my own. I think it would be a mistake for the Chiefs to argue for an as-equipped rule to eliminate that discount, particularly at a time when the House and Senate are in a conference trying to resolve the B-2 issue.

You have a situation now where if the B-2 forces were cut in half, for example, from 130 down to 60 or whatever, the B-52s or the B-1s outfitted with ALCMs could make up that entire difference.

If you had the B-2 eliminated because of cost considerations, you would make up at least half of the 2,500 that would not be counted under the START agreement.

So I would respectfully suggest that any attempt or any sentiment for changing that counting rule as it is would be a mistake because you would lose a very valuable alternative here.

General **POWELL**. You also point out by your statement, Senator, how all these things are interwoven, and any time you start to pull out one, the whole thing starts to come apart.

Just one point. Of course, the ALCMs on the B–52Hs are a different system and do different things than we would expect a penetrating bomber to do.

Senator **COHEN**. General Powell, we have heard testimony before the committee that the Soviets greatly fear the penetration capabilities of the B–2. It raises a question in my mind that if they are so fearful of this particular bomber, why are they the ones who suggested that we have a counting rule which favors the deployment of the B–2? It would seem to me that the logic and experience would dictate otherwise.

I frankly think that they fear the cruise missile more than they do the penetrating bomber, that they recognize there is some difficulty in appropriating the kind of dollars necessary for the B–2 and are counting on Congress to perhaps either curtail or eliminate the B–2 and that the United States will negotiate away the cruise missile itself.

So I would urge some caution on that particular count.

If I could turn to terrorism for a moment, we have had a policy— I am not sure it has been a policy—of trying to identify those who commit terrorist acts in the United States or against U.S. interests and locate where they are and to isolate them if we can to prevent damage to innocent civilians and then possibly to retaliate.

We had some testimony before the Governmental Affairs Committee a couple of weeks ago that indicated that the Department of Defense is reluctant to engage in these sort of retaliatory measures because they are not in the "revenge" business.

Is that a sentiment that you have detected in the Department of Defense?

General **POWELL**. It is not a sentiment that I hold, and I do not know from where it would originate within the Department of Defense.

I think the Armed Forces have the capability to retaliate and, if ordered by proper authority to do so, are prepared to execute that.

Senator **COHEN**. Is there any ambiguity, in your judgment, concerning Executive Order 12333, which bans assassinations? Let us assume, for example, that you have a terrorist action carried out in the United States, a major terrorist incident. The United States is able to identify the individuals or the specific cartel that was involved in the planning and execution of such a terrorist incident.

Would the military be in a position to carry out a retaliatory strike against those specific individuals or that cartel and be in compliance with the law? Is there confusion or ambiguity in your responsibilities?

General **POWELL**. I have not reviewed the Executive Order recently but, just off the top of my head, no. I would see no problems with that. In fact, I think we have retaliated in the past using the Armed Forces of the United States when we have had a reasonable degree of certainty as to who is responsible for the terrorist act.

Senator **COHEN**. I have a final point which I will reserve for the second round.

Thank you. My time is up, Mr. Chairman.

Chairman NUNN. Thank you, Senator Cohen. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

I am a little bit reluctant to add my compliments, General Powell, after Senator Cohen's comment about the staying power of bouquets, but I will add a warm welcome in any event and assure you that not only have we worked together well as a prelude in my book but I am confident that your work with the Congress not only has been extraordinarily good but will continue to be extraordinarily good.

You have risen to the top of your profession. You have a unique background in terms of your being security adviser to the President and holding the position to which you are going to be confirmed. I find you to be an extraordinary human being as well as an extraordinary military officer, and I just want to add my warm welcome to you and congratulations.

General POWELL. Thank you, Senator Levin.

Senator LEVIN. Yesterday Secretary Baker announced a change in our bargaining position at the START talks relative to mobile missiles. I am wondering whether or not you participated in the change of thinking and discussions?

General POWELL. No, sir. I was not a participant in those discussions.

Senator LEVIN. Do you support the change in position?

General POWELL. Note that it is a conditional statement that he made. It is subject to the Congress funding our two mobile systems. On that basis, yes, I would support it.

Senator LEVIN. Our position prior to yesterday was that we wanted to ban land-based mobile missiles. Our position today as I understand it is that we now want to permit land-based mobile missiles. Obviously, Congress would have to provide them.

Does our current position make any distinction between MIRV'd mobile missiles and single warhead missiles?

General POWELL. No.

Senator LEVIN. Do you agree with that position?

General POWELL. Yes, sir.

Senator LEVIN. Let me go back. Earlier this morning you said if we did not provide both Midgetman and MX it would unhinge our bargaining position, which is that if we could not get a ban on mobile missiles we would proceed to deploy mobiles.

Now that bargaining position has been changed; is that not correct?

General POWELL. The bargaining position now as Secretary Baker described it yesterday was that if we are able to deploy our own mobile systems, then it would be prudent to enter into negotiations with the Soviets to come to some conclusions about how many such missiles should be permitted and what verificationregime would be associated with that position.

Senator LEVIN. Assuming they can be verified.

General POWELL. That has always been the fundamental problem with mobiles and one reason that we thought it would be useful to have a ban.

In the absence of U.S. mobile systems, it really makes no difference whether your position is to have a ban or not to have a ban, because the Soviets will have them, we will not, and they are not going to negotiate them away just on the basis of our good looks.

Senator LEVIN. Let me go back to the question of whether we want the MX and the Midgetman.

General POWELL. Yes.

Senator LEVIN. It really does not pin down our bargaining position, because when our bargaining position was that we wanted to ban mobiles, the administration wanted them in order to have something to get the Soviets to give up their mobiles as a bargaining chip presumably. Now that our position has changed and we want to allow mobiles, the administration still wants the Midgetman and the MX.

So whether our bargaining position is to ban mobiles or to allow mobiles, the administration's position is that we want the MX and the Midgetman; is that correct?

General POWELL. That is correct.

Senator LEVIN. So, is it fair to say that regardless of our bargaining position, the administration wants the MX and the Midgetman for what they perceive to be our national security needs?

General POWELL. I think that is a fair statement, sir.

Senator LEVIN. The Chairman of the Joint Chiefs of Staff has given us recently the Joint Military Net Assessment, which is extremely helpful, by the way.

Are you familiar with it?

General POWELL. Yes, sir.

Senator LEVIN. I think it is the first document of its kind. It has not received a lot of publicity, I do not believe, but it is really quite an extraordinary document.

One of the conclusions it reaches is that we have certain quantitative deficiencies, which are enumerated in the report, and that because of the number of qualitative numbers that exist in our advantage, there are "serious questions about the Warsaw Pact's ability to prevail over NATO and a conventional conflict." That is reading from one of the summaries.

Do you concur that because of certain qualitative advantages that we have, despite the Warsaw Pact's quantitative advantages in a number of categories or most categories, that there are, in the words of the Joint Chiefs at the time that this report was written, serious questions about the Warsaw Pact's ability to prevail over NATO in a conventional conflict? Do you agree with that?

General POWELL. Not having read the whole thing in its complete context, yes, I would agree with it. Particularly, that is going to be the case in the future: what judgments you make now and in the future about the reliability of Warsaw Pact members such as Poland and Hungary.

So those sorts of considerations I think are beginning to weigh against the quantitative advantages that are still there.

Senator LEVIN. Then in a question about Gorbachev, you made reference to the fact that a number of his stated positions have not been implemented in terms of military reductions.

Do you believe it is in our national security interest that the announced policies of Gorbachev both in terms of reduction of forces and in terms of restructuring of his economy and his political democratization at home be implemented and that they succeed?

General POWELL. Yes, sir. I believe the policies he has announced and the directions in which he is moving the Soviet Union, if it all comes to pass and the rhetoric becomes reality and if the reductions he is talking about actually take place, then I think it is not only in our national security interest but I think it meets the hopes and aspirations of the people of the world. I have some level of confidence that he is deadly serious and that we may well see these things happen.

Chairman NUNN. Thank you, Senator. I believe Senator Coats is next.

Senator COATS. Thank you, Mr. Chairman.

General Powell, I do not think the President could have made a better choice. I congratulate you and wish you well in your new duties.

General POWELL. Thank you, Senator.

Senator COATS. If I could turn to the question of the use of U.S. military troops in the drug effort; in your answer to Senator Warner's question relative to the use of U.S. troops in direct contact, I think you stated the general position of the President and the Secretary of Defense and now your own, and I assume that it is a general rule under which you would continue to operate.

My question is this, in a further response in terms of use of U.S. forces for retaliatory purposes against acts of terrorism, if those acts of terrorism were drug-related acts of terrorism against U.S. military personnel, U.S. Government personnel, or even U.S. civilians in either foreign countries where we are operating or in the United States, would it then be appropriate to use U.S. troops for retaliatory purposes?

General POWELL. If the retaliation was the type of retaliation that could only be done by U.S. Armed Forces such as transporting an Armed Force to another nation and if it is done consistent with Presidential direction and consistent with our laws, yes.

Within the United States there are other agencies that have responsibility for such actions, and I do not think they would be considered retaliatory actions so much as they would be law enforcement actions, and so I would expect to designate law enforcement agencies of the various states or the Federal Government to handle that within their capability. I do not see an inconsistency there.

Senator COATS. Well, let me see if I understand this. If, in cooperation with and in conjunction with foreign units operating in another country, it was deemed necessary or appropriate to retaliate, do you think it would be appropriate to use U.S. special forces, anti-narcotics units or whatever in actual direct action against drug lord armies and drug operations?

General POWELL. If it was beyond the capability of the forces of the country concerned and if they asked for our assistance and if the President so directed, I would have no reservations on that kind of retaliatory strike, but I do not want to let that answer get extended into the presence of U.S. Armed Forces on some kind of regular basis conducting these kinds of operations on a steady state basis in a foreign country. That is an entirely different question, I believe.

Senator COATS. But in special situations?

General POWELL. Special surgical retaliatory strike against terrorists who have done something against the United States that the President within his authority believes should be retaliated against and after due consultation and consideration, the President directs such action, then the U.S. Armed Forces certainly have the capability to conduct such strikes.

Senator COATS. The Secretary of Defense has issued a statement indicating that the supply of illicit drugs in the United States from abroad and the associated violence and international instability and the use of illegal drugs in the country pose a direct threat to the sovereignty and security of the country and strike at the heart of the Nation's values.

Do you deem that as an indication that lays the appropriate groundwork for potential use of U.S. forces—perhaps not in a carefully defined retaliatory sense, but at least as a response to that threat?

General POWELL. I think the point the Secretary was making in that statement is that it is such a national security problem that all of his commanders in chief within the Department—and he has given subsequent direction—should raise this as a priority issue within our thinking and should begin to devote more resources to the problem.

In my current capacity as Commander in Chief, Forces Command, I have subsequently been given direction which says get plans ready to support civilian law enforcement agencies, principally the Border Patrol, in thickening up our defenses along the southwest border between the United States and Mexico—not to get into law enforcement, but to provide assistance to U.S. law enforcement activities.

So, I think it is just making sure that we all understand that it is a major national security problem, and we should raise our priorities so that all the planning I do to reinforce Europe and all the planning I do on overseas exercises as Commander in Chief, Forces Command, I should now give that same level of effort to the southwest border.

Senator COATS. One last question. The chairman, in his questions to you, asked what steps you might take to establish a high priority in this drug effort, and you have indicated that you will be seeking innovative and appropriate ways for using the capabilities of the Armed Forces to assist local and national authorities in the effort.

I am not sure you are prepared to give us what some of those innovative ways are, but if you are not, I certainly urge you to establish that as a priority and look forward to working with you to seek out some of those innovative ways, because I do feel that it is a grave threat to the United States, and one that we ought to employ all of our assets in combatting.

General POWELL. I mean that I am looking for such ways in my own current command, Forces Command. I have people right now trying to see which forces that are available to me that can be diverted from other missions, other training activities, to work with the Border Patrol and see if we can do a better job of sealing the border between the United States and Mexico.

Senator COATS. Thank you, General.

Thank you, Mr. Chairman.

Chairman **Nunn**. Senator Glenn.

Senator **Glenn**. Thank you, Mr. Chairman. I will associate myself with all of the previous complimentary remarks in your direction, General, and, Mr. Chairman, I would ask unanimous consent that an opening statement of mine be included in the record along with an article that was in Parade Magazine in early August about the General and his family, his background, that I think adds a great deal to our knowledge of General Powell. I would ask that it be included as part of my record.

Chairman **Nunn**. Without objection.

[The information follows:]

PREPARED STATEMENT OF SENATOR JOHN GLENN

Thank you Mr. Chairman. I would also like to add my welcome to General Powell and his family, and to congratulate General Powell on his nomination to be our nation's senior military officer.

As has been indicated, General Powell will bring to the Office of Chairman of the Joint Chiefs of Staff, a broader range of military and political experience than perhaps any of his predecessors. Given the unprecedented events going on in the world today, I believe that a military leader of General Powell's demonstrated professional ability and personal dedication will be required.

Mr. Chairman, as you know, General Powell, like many Americans the son of immigrant parents, has risen to the top of his profession. As General Powell stated in a recent feature article in Parade Magazine: "Have a vision . . . it can be done!"

Mr. Chairman, this article, written by David Wallechinsky, is an excellent profile of General Powell's military career and an outstanding tribute to his family. Without objection I would like to have it made part of this record today. I would also point out that the article was written last July even before General Powell was nominated to be the Chairman of the Joint Chiefs.

In the article, General Powell, in talking about his start in life, mentions something that I have believed for a very long time. He states: "The key to opportunity in this country begins with education." I know that you join me General, in hoping that your successful professional career and personal life, spotlighted here today, will serve as an example to youngsters everywhere to get that education.

Mr. Chairman, I will have some questions in turn, but again congratulate General Powell on his nomination and I look forward to hearing his comments on the challenges he will face as the Chairman of the Joint Chiefs of Staff.

[From the Washington Post, Aug. 13, 1989]

HAVE A VISION—IT CAN BE DONE!

(By David Wallechinsky)

For the last 14 months of his Presidency, Ronald Reagan received a 30-minute briefing every day from Colin Powell, the son of black immigrant laborers in Manhattan's garment district, on the most important international issues facing America.

"It was a heck of a homework quiz," says Powell, who was then national security adviser. "I would get reports overnight. If anything was going on in the world, I would get a call about it. I would come into the office about 6:30 in the morning. Between 6:30 and 7, I would receive intelligence updates."

There followed two hours of meetings and a half hour of phone calls and private conversation.

"Then, at 9:30, I would go in and plop down on that sofa directly across from the President. I would give him warning of what was coming our way, or sometimes just philosophize: For example, what was happening in the Soviet Union or how Congress was reacting to a particular issue. It was a challenge, but it becomes a natural one because you're doing it every day."

Who is this man, now a four-star general in the United States Army, who recently became head of the Forces Command at Fort McPherson, GA? Born in Harlem, raised in the South Bronx, he is now in charge of defending the United States against land invasion. He is responsible for preparing, deploying and sustaining U.S. troops overseas; planning military support of civil defense; overseeing the training of all Army National Guard units and coordinating joint exercises with allied forces around the world. He also oversees the command of the Third U.S. Army.

At 6 feet 1 and a solid 205 pounds, Colin Powell has the presence for it, but how, I wondered, did he rise to a position of such power and importance?

"There are no secrets to success," he said. "Don't waste time looking for them. Success is the result of perfection, hard work, learning from failure."

Powell's father was a shipping clerk and his mother a seamstress. They emigrated from Jamaica in the early 1920s.

"My parents were hardworking people," he said. "My father was gone all day, every day. He never came home before 7 or 8 at night. My mother came home tired too. But there was an expectation that you were supposed to do better. The key to opportunity in his country begins with education. My parents expected it. And, in my family, you did what your parents expected of you."

Powell graduated from City College of New York in 1958 with a degree in geology, but it was in the Reserve Officers Training Corps that he found his niche. He graduated at the top of his ROTC class and was commissioned a 2nd lieutenant in the Army.

"I was told, 'If you do everything well and keep your nose clean for 20 years, we'll make you a lieutenant colonel.' That was my goal. And after 20 years, you could get a pension. In an immigrant family, that was very important."

His annual salary today is $72,500. With 31 years of military service, his pension would be $58,620 a year if he retired tomorrow. He is 52 years old.

General Powell has a friendly smile, but one senses the iron behind it. He commands more than 250,000 active soldiers and nearly 300,000 reserves. If the Army National Guard were federalized in an emergency, he'd be in charge of one million soldiers, almost two-thirds of the Army's total ground combat forces. The combined budget of Forces Command is $10 billion. Heady stuff for a man who once dreamed of becoming a lieutenant colonel with a pension.

"I'm a problem-solver," he told me. "If I didn't solve a problem, there was a reason. Either I anticipated incorrectly, planned improperly or missed the key factors because I was worrying about secondary issues."

"The same day that I have a disappointment, I try to reflect on it and say, 'What did I do wrong?' I never look for scapegoats. The first suspect I look at is always me. Over the years I have learned a great deal about myself. I know when I am going down a road that has caused me to get into trouble in the past.

"Once you have experienced a failure or a disappointment, once you've analyzed it and gotten the lessons out of it—dump it."

General Powell and his wife, Alma, were married in 1962 and have three children: Michael, 25; Linda, 23; and Annemarie, 18.

Powell went to Vietnam twice, in 1962 and 1969, after which he came home to earn a master's degree in business administration and become one of seven out of 1500 applicants to be named a White House fellow, working in the Office of Management and Budget. He later led a battalion in Korea, a brigade at Fort Campbell, Ky., and in July 1986 he took command of the 72,000-member Fifth U.S. Corps in Frankfurt, West Germany.

Six months later, Powell returned to the White House to serve as deputy to the national security adviser, Frank Carlucci. A military man at heart, he had to be persuaded to accept the job by his commander-in-chief, President Reagan.

After the Iran-Contra scandal, Powell distinguished himself by reorganizing the National Security Council according to the recommendations of the Tower Commission. He also proved invaluable as the chairman of the interagency review group that coordinated the activities of the CIA, the State Department, the Defense Department and other agencies.

In November 1987, Frank Carlucci became Secretary of Defense and Powell took over as national security adviser.

"To be a West Wing official, you are forever on point," Powell said. "You always have to be ready to say something that could have international implications. You'd better have a helluva lot of information. You cannot be wrong. If you're wrong, you're a headline.

"Information is the lifeblood of an organization. If you're not on top of the information system, you're not dealing with the lifeblood of the organization. The more senior I have become, the more information gets screened from me. I want to be able to know what is happening in my organization. The only way to do that is to get lots of information—not only through formal channels, but through informal channels: by calling down to junior people, by discovering nontraditional, nonorganizational means of finding out what is going on. I drive my staffs crazy. If they never know when I might call for information and they never know how much detail I might ask for, it instills a certain discipline."

When Ronald Reagan left office, Colin Powell returned to the military.

"For over 300 years of this country's history, going back to the early colonies, blacks have willingly served in the military in times of foreign and domestic danger," he told me. "During most of that history, they would only be allowed to serve when there was dying to be done. It was only after the Civil War that black units were allowed to remain on active duty in the absence of a war. And only in the last 30 years, in my generation, did we achieve full integration and full opportunity.

"But blacks have never turned that fact into a condemnation of the society. They were mad to serve in World War II and return to see what they faced in the South. Couldn't help but be mad. But blacks, as a class, have never lost their love of country. The record is the opposite, and I am a part of that record.

"As much as I have been disappointed in my lifetime that we didn't move as fast as we might have, or that we still have forms of institutional racism, we have an abiding faith in this country. Hurt? Yes. Disappointed? Yes. Losing faith or confidence in the nation? No."

General Powell has had his own encounters with racism. In 1963, for example, after receiving a Purple Heart, he returned to the U.S. and was refused service at a restaurant in Columbus, Ga.

"I wasn't even trying to do a sit-in," he said. "All I wanted was a hamburger." He waited until the Civil Rights Act of 1964 was signed about five months later, he said. "Then I went back to the restaurant and got my hamburger."

"There are no more major civil rights laws to be passed," he added. "What we are dealing with now is changing of hearts, changing of perspective and of minds. We need to start to erase the cultural filter with respect for minorities.

"One of the most flattering things said about me the last couple of years is that I am a role model. That's a heck of a responsibility. Hopefully I can be a role model for young blacks coming up, for all young Americans, one that says: 'Here's a guy that, even though he is black and his hair is kinky, has been rather successful. He's done a good job. And so next time I see a black man who I might be able to help, maybe he has that kind of ability and can do a good job.'"

Colin Powell always comes back to his parents. His father died in 1978 at age 80, his mother in 1984 at age 82.

"My parents are a very real presence for me," he declared. "After they died, in going through their belongings, I found their original passport photos, the earliest photos I have of them. They are in the house wherever I move. They haven't left my life.

"My parents often did not recognize their own strengths. Until the day they died, for example, I was never able to convince them that it would never be possible for me to do better than they did in providing their children with values and goals. It wasn't a matter of spending a great deal of time with my parents discussing things. We didn't sit down at night, like the Brady Bunch, and review the work of the day. It was just the way they lived their lives. That's what children get from their parents: What they see. Not lectures or speeches. Children watch the way their parents live their lives. If they like what they see, if it makes sense to them, they will live their lives that way too. If the parents' values seem correct and relevant, the children will follow those values."

COLIN POWELL'S RULES

General Powell says he always tries to keep in mind a number of rules or thoughts to live by, which he has come upon over the years. Here are some of them:

1. It ain't as bad as you think. It will look better in the morning.
2. Get mad, then get over it.
3. Avoid having your ego so close to your position that when your position falls, your ego goes with it.
4. It can be done!
5. Be careful what you choose. You may get it.
6. Don't let adverse facts stand in the way of a good decision.
7. Check small things.
8. Share credit.
9. You can't make someone else's choices. You shouldn't let someone else make yours.
10. Remain calm. Be kind.
11. Have a vision. Be demanding.

12. Don't take counsel of your fears or naysayers.
13. Perpetual optimism is a force multiplier. [In the military, one is always looking for methods of increasing or multiplying your forces.]

Senator GLENN. General, Admiral Crowe testified that the War Powers Resolution gave us some potential problems in the Persian Gulf. That actually some of the decisions about what they wanted to do were altered because of the War Powers Resolution, not wanting to conflict with it. He advised that it be revoked.

What is your view of the War Powers Act? You have seen it in the White House—you will see it now from the Pentagon and as the top military man in the Pentagon. What is your view of the War Powers Resolution? Should it be revoked? Can we work with it the way it is? What is your opinion?

General POWELL. I would prefer to see it revoked. It was troublesome as we tried to deal with the situation in the Persian Gulf.

We reported consistently, as you recall, the language we would carefully use. I do not recall any particular problem we had. I am not quite sure what Admiral Crowe might have been referring to in his answer to you.

Senator GLENN. Well, he lists them in an article that we have here as part of our briefing. His points are well taken, but I do not know that Congress would go along with that. I'm not sure I would favor going along with doing away with the War Powers Resolution.

We put it in because of the difficulties in the past that you are familiar with, and to just rely on Congress' power of the purse only is pretty much after the fact when combat is going on.

Congress wanted a bit more of a handle before we get so involved. But you would favor revocation of the War Powers Resolution and replace it with a weaker bill or do away with it altogether?

General POWELL. I am not sure that there is a need for it, Senator. I do not know what I would think if I saw a replacement, whether it would be something that I could support or not until I have seen a replacement.

Senator GLENN. The Secretary of Defense recommended terminating the V-22 program entirely. He based that on the marine ship-to-shore movement which was a very narrow mission for that potentially very fine airplane that basically gives us for any helicopter mission the capability of moving twice as fast, twice as far and with more payload.

That is an enormous jump forward for most military missions that helicopters do now. DOD decided that the Marine mission was to be the first use. The V-22 also has a lot of potential civilian uses: center city to center city, as well as making every town in this country available for commuters, air commuter service or whatever if they want to do it.

It is an enormous jump forward as I see it, and I have supported it not just because it was a Marine Corps mission, but because I think it is a great jump forward.

Senator Goldwater, when he was chairman of this committee, used to get very eloquent talking about the advantages of the V-22 from a military standpoint and possible civilian spinoffs. What is your view of the V-22?

General **Powell**. It is a fine airplane. It is good technology. However, not every helicopter mission requires the speed or the range of the V-22, and it is also a very expensive helicopter, so I certainly understand why the Secretary made a judgment to terminate that program in a period of declining resources.

He has no prejudice against the V-22. It is just that as he looked across all of the programs that he had to consider, it was his judgment that that was one that did not make an adequate contribution to the national defense to continue funding.

It was one of those tough choices that he had to make last year, and there will be similar tough choices in the years ahead as the budget continues to shrink.

Senator **Glenn**. I, for one, disagreed with his analysis of that one. I think the V-22 is one weapon system we should still have. We are going to continue to fight for that one here.

Another provision we have in this year's bill, once we get it through, is requirement for a reanalysis of the total force concept. The total force concept was put in over 15 years ago. It included the Guard, and the Reserves that you have had experience with in your recent command, integrating them in not just as Reserves that would be called up 6 months after we started, but as adequate combat replacements in the event that a war starts, and they would start feeding in 10 to 30 days in the event of a major conflict.

Now, we have pointed out over the last 5 years—I have emphasized on the Manpower Subcommittee, that we have had many problems with the readiness of the Reserves and this kind of integration.

In the Reserves basically we are having some functions perform very, very well—exemplary. Some of the Reserve units are better than the Regular units, in the Air Guard and Air Reserve in particular.

However, in some of the other areas we have assigned 70 percent of the combat function to the Reserves; 70 percent of combat service support function is over in the Reserves, and that includes engineers, signal, intelligence, chemical, medical, maintenance, supply, transportation, ammunition. Yet, those Reserve units in the Army are about 45 percent rated not combat-ready by the Army itself.

Now, we have talked about this for about 5 years here on this committee and tried to do some things about it, but every year the Pentagon comes up with what they call a new plan that is going to solve this, and yet we do not see anything happening.

As a result, this year we have put in a requirement for a total force analysis on whether we have the proper mix of Regular and Reserve and if we should make some reassignments.

This report is due December 1, 1990. We have just over a year to do that. I would like your view of the study and the importance you attach to it because I can assure you for me and I think I would speak for most of this committee in saying we view this as a very, very important study that can guide our actions in the future. You are familiar with the problem because you have been in these war games, and you know what happens when we say well, we cannot get the Reserves there and they are not ready. They are 45 percent not ready.

We do not have the doctors. We are 71 percent short of the doctors in the Reserve and 66 percent short of nurses, and we always wind up, in order to prosecute the war games, saying we will rely on host-nation support, which basically puts our head in the sand and does not deal with the problem.

I guess that is more a statement than a question, but I hope you are going to take this study we have asked for very, very seriously because it can guide our efforts in the future in addressing what is a tremendous lack, a tremendous gap right now in our bottom line, which is combat capability.

General POWELL. I will regard the study with the greatest of care and will participate in it fully, Senator. The total force concept is a sound one. It is a correct one, I believe.

I have spent a great deal of time since arriving at Forces Command on this issue. I have spent a lot of time with the U.S. Army Reserve as well as the Army National Guard. There are deficiencies.

We have increased the force structure of the U.S. Army Reserve significantly over the last 8 or 9 years, and the resourcing is just beginning to catch up, so the readiness levels have been increasing in recent years.

I hope they will continue to increase, and I would look forward to this study to make sure that we have the proper balance between Active component National Guard and Reserve.

Senator GLENN. I know my time is up, but we ask for so many studies, and I think sometimes some of them get short shrift, and I hope you will give this the highest priority.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you Senator Glenn.

Senator Lott.

Senator LOTT. Thank you, Mr. Chairman.

I, too, would like to join in extending congratulations and accolades to you, General Powell. We are all frankly very proud, not only that you have been selected for this most important position in the military as Chairman of the Joint Chiefs of Staff, but also the outstanding record accumulated over many years in your military service as well as your work at the White House with the National Security Council, where I did have an opportunity to work with you when I served in the other body. So, this is a very appropriate culmination of an outstanding career.

In furtherance of that comment, I noticed as I was going back over your career that—I have an Army colonel who works with me, and he pointed out the fact that in Vietnam in 1968 you had the position of Assistant Chief of Staff, G-3 operations for a division in Vietnam when you were only a major. Was that not unusual?

General POWELL. Yes, sir.

Senator LOTT. How did that happen? Usually it is a lieutenant colonel or a colonel in the case of the Marines who would have the position of division G-3.

General POWELL. It is a lieutenant colonel's position, but the division commander elected to give it to me for a period of time, and it was quite an honor to have that position.

Senator LOTT. Well, again, I knew you would be modest about it, but it is just another example of the outstanding career you have had going back over 31 years, and it has moved you to the very top of your class and your rank in every instance. We are all very proud of you.

I will not ask you a series of questions because we know so much about you from past experience, and we have some other votes we are going to take, but there is one thing I want to raise with you and get you to reaffirm what is happening with the military and get you in synch with the Secretary of Defense, which I am sure you are, and that is with regard to the so-called war on drugs.

Over the past 3 or 4 years we have been debating about whether or not we are going to have a war on drugs and, if we are going to have a war on drugs, are we going to use the military.

As you recall, there was resistance at the Pentagon both on the Secretary of Defense level and certainly with the military in getting more involved with the war on drugs. These concerns usually centered on how it would affect readiness.

But, there is a strong feeling among the American public as well as the Congress and a now realization at DOD—and I hope with the Joint Chiefs—that you must be involved in this effort, and I would like for you to state for the record here today your general attitude about that and your assurances that you are going to be fully committed to this effort.

General POWELL. Senator, I have no reservations and I know that none of my colleagues have any reservations.

The American people have spoken clearly on this one. We ought to be concerned about this cancer that is in our midst, and I think we do have capabilities to bring to this war.

I am actively working on that problem now in my current job, and I can assure you if I become Chairman of the Joint Chiefs of Staff, it will enjoy the highest priority in my daily activities, and I will work closely with Secretary Cheney, Secretary Bennett and the President to make sure that the Armed Forces are making as much of a contribution to it as we can.

Senator LOTT. Thank you very much. Best wishes.

Thank you, Mr. Chairman.

Chairman NUNN. Senator Bingaman.

Senator BINGAMAN. Thank you, Mr. Chairman.

General Powell, I join all other members of the committee in congratulating you and congratulating the President and complimenting him on his choice.

I wanted to ask a couple of questions about the SDI program, if I could, and your views on it. There is an article in the National Journal this week, just a very short item, which says:

> President Reagan's beloved Strategic Defense Initiative is losing steam fast. Longtime SDI booster Vice President Dan Quayle recently conceded to the Los Angeles Times that Reagan's vaunted impenetrable shield was only "political jargon."

I would first like your view of where this administration stands—where you see us going with the SDI program. What are our goals there? What are our intentions? Also, how does this differ from the previous administration?

General POWELL. Well, I have read the Vice President's entire transcript of that section, and he said at least three or four times that President Bush remains strongly committed as does the Vice President to the SDI program.

And if you can sort of set aside the impenetrable shield and the brilliant pebbles and all the technologies and just think of what SDI is intended to do, SDI has always been intended to make a contribution to our overall strategic deterrent posture in conjunction with strategic offensive weapons and strategic command and control.

I have been a supporter of SDI for many years, ever since it was started as SDI in the famous speech that was given by the President.

It is an attempt to see if we can marshal the technologies that are out there to strengthen our ability to defend the United States against strategic offensive missiles in a way that does not present a threat to any living human being, to any city, to any other nation. And I think as long as the possibility exists that we can find such technology and as long as the Soviet Union is working—as they are in my judgment—on such technology, it is very, very prudent for the United States to continue to make an adequate investment in SDI programs to see if we can do it. Not to form an impenetrable shield, but to put another tool in our tool box and give the Soviets more reason to never, ever think that they can successfully pull off a strike against the United States.

What we are trying to do with SDI is put an enormous element of uncertainty into the Soviet planner's mind about their ability to conduct a successful strike against the United States, and that it would be most foolish, I think, of us to abandon that goal, to abandon that philosophy.

Senator **Bingaman**. Do you contemplate the deployment of such a system in the early nineties? Is that a goal that the administration holds at this time?

I know that has been a goal. Is it still a goal?

General **Powell**. I just do not know. I do not see that the technology is available to do it in the early nineties as you characterize it, Senator Bingaman.

I think I would stick with the position that we have had for some time that if the technology proved out, and it was affordable, and it made the kind of contribution we hope it would make, then we would prepare to deploy such systems. But I really am not knowledgeable enough of how the technology has been moving in recent months to suggest a date of deployment.

Senator **Bingaman**. I would like to bring up a concern that several of us here on the committee have had for several years about the internal allocation of funds within the SDI budget. Each year, for the last 3 or 4 years, there has been a smaller percentage of SDI money committed to energy research than to directed-energy research. There has also been a larger percent committed to developing some kind of early deployment option—the "kinetic-kill" vehicle, or some variation on that, which is the Brilliant Pebbles program that you just mentioned.

The concern I have had, and I think many others have had, is that by continually shifting funds out of these long-term research activities, which may or may not develop weapons capability, and trying to do more concerning near-term deployment, we are really misallocating those funds and spending them in a way that is not in our long-term best interest.

I would be interested in your reaction to that.

General POWELL. I really have not studied the internal allocations well enough to give you an informed view, Senator Bingaman. I think we should try to find an allocation that can try to do both, make sure we make the right investment in the long-term final solution to the SDI program, but at the same time not overlook any short-term advantages for systems that are present that could be a phase one to the final program.

But, with respect to the specific allocation between the two parts you described, I just am not familiar enough with the dollar float.

Senator BINGAMAN. Some of us have thought that one way to deal with the constantly decreasing allocation of funds to directed-energy research would be to give the Department of Defense a more specific budget in the SDI area, just as the Department has in all other areas. Specifically, the Department of Defense could indicate where it is going to spend the money. If officials at the Department wished to change that, they could come to the Congress for reprogramming.

SDI, to my knowledge, is the only area of the defense budget where we do not require some kind of indication as to how the funds are going to be spent year-to-year. Generally, as a legal matter, we have left full discretion to the administration.

What is your reaction to the idea of possibly treating the SDI budget the way we treat the rest of the defense budget?

General POWELL. I really do not know, Senator. I have to give that some considerable thought. It would appear to me that in the various hearings that are held on the overall defense budget by the committees that do provide oversight to the defense budget, you would receive sufficient visibility of how the SDI budget were to be spent, so that the views of the Congress were made known to the administration.

Whether or not it requires a more line-item breakdown for individual allocation by the Congress, whether that would be in the best interest of the program, I really would have to give that some thought before giving you an informed answer.

Senator BINGAMAN. Thank you very much. My time has expired.

General POWELL. Thank you, Senator.

Senator GORE [presiding]. Senator Wallop.

Senator WALLOP. Thank you, Mr. Chairman.

General Powell, they have used up all the adjectives, but they have not used up all the expressions of friendship and admiration, so let me add mine to those.

General POWELL. Thank you, Senator Wallop.

Senator WALLOP. Let me begin by saying that your just pronounced explanation of SDI is as articulate and as well stated as I have heard in a long time, and mirrors, not conflicts with, that which the Vice President gave in Los Angeles.

The press's attempt to torture the interpretation of his remarks to their own delight and design has been nothing short of miraculous. And I am glad that you set the record straight.

I was also pleased to have a moment that actually somewhat followed in context the questions of another member of this panel.

And my question regards your response to the question about strategic modernization, you focused primarily—as a matter of fact virtually exclusively is my recollection—on the bomber.

I think, given the Soviets move into mobile missilery, whose location is going to be difficult to determine for manned-bombers or for ballistic missiles; and I think, given the fact that our arms control posture has now moved from a ban on those to a discussion of both, that SDI becomes a very serious part of the consideration for modernization.

Would you agree with that?

General POWELL. Yes, sir, I would. It has always been discussed as sort of a separate little program running around loose, where it is not. It is none of the key elements of our overall strategic deterrent posture. And I always think of SDI along with strategic offensive systems and strategic command and control.

So I think the importance of SDI will arise in the years ahead in the way you describe.

Senator WALLOP. It is interesting that, in the Soviet Union, their strategic defenses are part of their whole strategic force concept. They are not considered separately as a defense and an offense, but each is used to complement the strengths of the other. I would hope that, while we do not wish to mirror the Soviet Union, it would not be an alien concept to the Joint Chiefs.

And I say that because their most recent net assessment report gives it a casual, to be charitable, appraisal as part of the strategic options.

And I would just observe that one of the reasons that directed-energy weapons continue to get less money for research is because SDI continues to get less money for research. And I am worried, and I state this with conviction, that the House figure is a less-than-clever way of terminating the program without having the blame for having terminated it. Because it reduces research to such an esoteric level that you really do not have the capability of arriving at the President's deployment decision, to the Joint Chiefs' desire to consider it as part of the strategic mix.

I am hoping that, as we go along, the Joint Chiefs, and you in particular as Chairman of them, will feel more willing to give us a military proposal and let us confront the politics. Because it is terribly difficult for somebody like myself, who achieved the exalted rank of a first lieutenant in an artillery battery, to come to a table such as this and argue a strategic point that has been tailored to politics.

I think my prayer is that you leave us to the politics and give us cool, hard military decisions, understanding that in our system, civilians run it. But how can civilians run it if we do not get the best military judgment available?

I feel confident that you will give us that; and that is one reason that I am enthusiastically in support of your chairmanship.

General POWELL. Thank you, Senator.

Senator WALLOP. Mr. Chairman, I yield the balance of my time.

Senator GORE. Thank you very much.

General Powell, welcome. The accolades are all deserved, and though they have been stated, I will not let that fact deprive me of the chance to say how pleased I am at your nomination and how strongly I feel that you should be confirmed, and of course you will be overwhelmingly.

Not only is your career exemplary, not only are your qualifications impeccable, but all of us on this committee have had a chance to work with you personally and know of your tremendous ability. And beyond that, I think it ought to be said that you inspire confidence, as a leader in our uniformed services should.

And I think this is one of the finest appointments that our President has made. And I look forward to your confirmation very speedily.

General POWELL. Thank you, Senator Gore.

Senator GORE. I want to also congratulate the President on the movement announced yesterday to remove the ban on mobile missiles from our position in Geneva. This was announced by Secretary Baker and has been commented upon previously.

And in response to statements made by Senator Levin earlier, and I will share with him what I am saying here; it is not really inconsistent. Before the ban was removed, and then after it was removed, because everyone anticipated that that proposal for a ban would be eliminated in good time, it came as no surprise when the move was finally made yesterday. I think we have to go farther than that. And let me just express some concern that, in spite of this move yesterday, which I welcome and I do see it as a sign of progress, I think the pace of our negotiating strategy in Geneva is too slow.

If we woke up tomorrow morning and saw a headline in the newspaper that Gorbachev had been replaced by a hardliner, we would have a mixture of emotions, but one of the things we would feel is that we had missed an opportunity to fully and vigorously explore what might be possible with Gorbachev, seeming to propose genuine changes.

So I hope that we will soon go farther in proposing imaginative ideas at the table in Geneva.

I took note of your comments in response to Senator Nunn's question that the elimination of the MX and the single-warhead mobile missile would unravel our negotiating position at Geneva. I agree with that and I want you to know that those of us on this committee, Democrats and Republicans, have tried very hard to work together with each other and with the administration.

Because the future of the arms race is not going to be decided only in Washington or only in Moscow; it is going to be decided in the negotiations between the two superpowers. And if we are going to be successful in those negotiations we have to have the tools to do the job.

And as the chairman, Senator Nunn, has said, one possible option is to move both countries toward a greater reliance on single-warhead mobile missiles, to reduce the feelings of vulnerability and to forego the ability to threaten first strike capabilities prospectively. And both sides have long understood that that is one avenue toward an agreement.

So I think it would be foolish, indeed, to close off that avenue just at the start of the most critical phase of the negotiations.

In that line, let me ask you this question. If the Congress should happen to agree with the House of Representatives' position, if the administration did not get Midgetman, did not get MX, and then the Soviet Union retained the large number of single-warhead mobile missiles, which they have been deploying for quite some time, the SS-25, and the somewhat more limited number, but still robust force of SS-24s, could you conceive an acceptable START Treaty, where the Russians had an extremely large force of mobile missiles and we had none?

Do you think such a treaty would be difficult to get through the Joint Chiefs, not to say the U.S. Senate?

General **Powell**. I am not sure such a treaty would be in our interest. I do not think it would ever get close to the U.S. Senate. I think the Chiefs would have a great deal of difficulty accepting a situation where the Soviets had mobility, in terms of their SS-24s and SS-25s, and we had none. I think that would be an unacceptable situation.

If I can just continue for a moment, Senator.

You mentioned taking advantage of opportunities, and perhaps if Gorbachev were not here, you hypothesized. The one thing that is interesting to note is that, even while he is here and with all of the changes that he announced and all of the *perestroika* and *glasnost* that abounds in the land, I have seen no changes in the modernization of Soviet strategic systems.

The SS-18 mod 5 plods along; the SS-25s come out of Votkinsk; the SS-24s, as you mentioned, are increasing in number; Blackjacks and Backfires continue to be produced; and I see no change in their investment in strategic defensive activities.

And so I think we always have to keep that in mind, and I am not surprised at that. They are talking about the crown jewels; we are talking about the crown jewels. And notwithstanding all of this change that is taking place, nothing has changed with respect to Soviet investment in their crown jewels.

Senator **Gore**. Well, thank you very much. I will ask other questions for the record, but my time has expired. Senator Wilson.

Senator **Wilson**. Thank you, Mr. Chairman.

General Powell, it is no secret to you that I am among the swelling chorus of enthusiastic fans. And the praise that you are receiving this morning is deserved by a long and distinguished career. And I will summarize my accolades by saying that of the many fine appointments the President has made, I think yours may be the best.

We are delighted that you are in a position to give guidance to the policy, of the obvious importance that is reflected in the questions that you are being asked. One point to cover, of the several that I would like to cover, is that there has been a remarkable change, a reversal in the attitude of the Pentagon, for which I commend Secretary Cheney.

We have seen, in the orders that he has given to the commanders of the unified and specified commands, a great specificity, a great clarity and force in his directive to them to develop plans that will bring about, to the maximum extent possible, the interdiction of the flow of drugs into our country from outside. And I commend him for that and assume that that has your hardy approbation as well?

General **Powell**. Yes, sir.

Senator WILSON. Let me just ask whether or not you have had an opportunity to confer with the Secretary yet on the subject of SDI? As my colleague, Senator Wallop, mentioned, your response now is not just heartening, but extremely heartening.

What I am interested in is whether or not you have had an opportunity to really come to grips with what you and the Secretary are likely to be confronted with in the pending conference on the authorization bill. If we are not made irrelevant by the action of the appropriators, we are contemplating, in the strategic area, trying to make some sense of the vast gulf that separates the House and the Senate versions, with respect to SDI and the so-called big four strategic issues.

Have you seen a letter that I requested from General Monahan that outlined, at my request, what the impact would be in the event that cuts were made by the Congress of 10 percent below the request by the Bush administration, of 20 percent, and of 30 percent? Have you had an opportunity to see that?

General POWELL. No, I have not seen General Monahan's letter.

Senator WILSON. I asked him for those in anticipation that there might be, for purposes of bargaining, a response of that magnitude from the House. They have exceeded even my worst expectations and have brought to the table a cut of about 40 percent.

General Monahan's letter, and I will see that you have a copy of it, I have one here for you, indicates that for the President to make a decision about deployment within this term, it would be essential that no less than $4.1 billion be allocated in the next fiscal year. And of course, what appears to be coming from the conference is something substantially lower than that.

What I have asked General Monahan to do is to be quite specific in terms of assessing the impact of these various cuts. At 30 percent, the result is devastating. And to put it in the simplest terms, he says it would clearly prevent the President from being able to make the kind of decision that he needs to make about deployment within this term.

Have you had some opportunity to confer with the Secretary on what the proper response to an irresponsible number will be?

General POWELL. We have not had a detailed discussion. We had a passing discussion last week on what seemed to be emerging from the House and the Senate. I am not surprised at what General Monahan has said to you in his letter, Senator Wilson. That is what I would have expected.

We have always maintained the position that these kind of drastic reductions in the SDI request from the administration would eventually just make the program not viable. It just was not going to get us where we needed to be.

And I am rather stunned at what has happened in recent weeks as the mark has gone from 3.1 to 4.5, and now I guess we are talking about 3.7 and 3.1. These are well below what is needed to keep the program viable.

Senator WILSON. It seems to me we may be confronted with the necessity to go back to the drawing board altogether because of the irresponsibility of that cut.

Let me just echo the comment that was made by Senator Wallop. Any time when it is seemingly inevitable that both sides will contain in their arsenal mobile missiles, and given the size of the Soviet Union and the difficulty of targeting; if we are talking about deterrence, it seems to me that a decision to accept as reality the existence on both sides of a mobile capability substantially enhances the necessity to have a defensive capability and not to rely exclusively upon this precarious balance of offensive terror. But that does not seem to have penetrated on the other side.

Let me shift to the treaty obligations that necessitate our military posture throughout the world. The administration has been in the process of reviewing those. That is a decision compelled upon them, forced upon them by the reality of deficit reduction.

Let me ask you to focus specifically on Korea. The authorization bill addresses the reduction of American effort in several different theaters and speaks in language that implies a need to consider the beginning of the end. In fact, a withdrawal from Korea.

I would be interested in your view, and I should be fair to you and tell you that mine is that that is spectacularly ill-timed. It seems a strange reward for the kind of movement the Republic of Korea has been making in recent times towards genuine democracy.

General POWELL. Our policies with respect to Korea over the last 20 or 30 years have been incredibly successful. We have shown our commitment to the changes that have taken place in Korea, especially within the last few years, with the presence of our Armed Forces.

This is not to say that as we examine the growing strength of South Korea—recognizing that North Korea still has some advantages, we recognize the growing strength of South Korea and I think the South Koreans are seeing how much more they can do for themselves—and that over time we might be able to reduce our commitment to South Korea in terms of troops on the ground, and I see no reason not to review that commitment over time.

But I think it would be most ill-timed and unfortunate to do it merely to make the latest budget cut work, or to do it just on a preemptory basis without the closest consultation with our Korean allies and other nations that have an interest in the region, and to examine that proposition over time.

But just to say let us take out 3,000 troops because we have a budget problem, or because we suddenly decide the Koreans do not need us any more is not the way to deal with a friend, and not the way to handle as important a policy choice as this one is.

Senator WILSON. Thank you very much.

Senator GORE. Senator Wirth.

Senator WIRTH. Thank you, Mr. Chairman. General Powell, welcome. Let me assure you that these words of warmth and welcome and support will continue during your whole tenure as Chairman.

I would like to ask about your perception as to how we might think through the role of the military in a rapidly-changing era.

As we look at the goals of United States foreign policy over the last 40 years, I would have to say that our goals have been fulfilled perhaps beyond our wildest dreams. We have a coherent, successful, stable, and productive Europe and a contained Soviet Union. You are familiar with all of this.

The question becomes now: how is our defense strategy impacted by all of these changes, and are we prepared to think creatively in dealing with them? Let me cite some specifics.

Let us assume that the President's admirable goal of a 15-percent cut in overall NATO structure is achieved and let us assume that the changes within the Soviet Union continue in the same direction.

What I think will happen is that there will be enormous pressures to go from the relatively modest conventional cuts that we are seeing now, to 25 percent or to 50 percent. That is a very logical, political response; and a very logical economic response, given where Europe is today and where it is going to be after 1992, and given the declining economic strength of the United States.

Has the military begun to think about how they will move to a 25-percent cut, or a 50-percent cut? What is that going to mean to our Reserve forces? What does that mean to our ability to reinforce?

Maybe more importantly, there is a second level of questions related to forward defense. For a long time we have concentrated on forward defense and configured our forces to stop a Soviet attack as close to the inter German border as possible.

Well, if we have fewer forces, what does that mean to the concept of forward defense? In turn, what does that mean to the growing consideration of specialization of forces within NATO and the fact that we are not going to do all things and we are not going to have an enormous concentration of conventional capability?

You are going to get wound up very quickly in all of the questions of what is in the budget and many of the things you were asked today. I ask you this question much as some of the other questioners here have asked you. As Chairman, will you make sure that the military is prepared to address the dramatic change?

We certainly do not want the military to be an institution.

General **Powell**. You are absolutely right, Senator. We have to think with vision. There is some understanding that the assumptions that we have had undergirding our military posture for years may be changing on us.

I still remember that President Gorbachev, when he announced the unilateral reduction last year at Governor's Island, talked about Phase 2, where we go on to 50 percent reductions and take a completely defensive posture.

So I think it is necessary to think in the terms that you describe, and I also believe my colleagues feel the same way. General Galvin and I have had some preliminary discussions of what impact such changes would have on our force structure.

At the modest 15 percent reduction level, you probably do not have to do serious rearranging of our doctrine or our force structure, but as you start to get into the kind of reductions that you hypothesized—25 percent and 50 percent—then you are into an entirely new arena. The concept will have to be, I believe, rethought, and that ripples back through all the kinds of investments you make in strategic airlift, strategic sealift, what kind of investment you make in the Reserve component structure, and what kind of weapon systems are best suited for the new force structures you may have to design.

So I share your view that we need to be thinking about that at the same time that we fight on whether we are going to have a V-22 or not have a V-22, and we have to be thinking about what the world is going to look like 10 years from now.

Senator Nunn referred to reshaping ourselves. I think that is a good word. How do we reshape our policy, shape our defense policies and shape our Armed Forces, for the changing world that we are going to confront and the changing resource environment we are going to confront?

I think that is a principal challenge for the new Chairman and for all the Chiefs.

Senator WIRTH. It is going to be very difficult. The world is changing so quickly, or appears to be so far. Reaction may have set in but who would ever have guessed having a democratic government in Poland, or a statement of neutrality coming out of Hungary, or the changing nature of what is going on in Eastern Germany.

I have asked this question to a number of people in the administration. Are we prepared to think about that? The answer has generally been, no. We do not want to think about that, or we cannot configure our forces to defend Europe if we are in a position of 25 percent or 50 percent below present levels. I am not sure that that is the answer that we want to get back.

General POWELL. I think we have to think about it. It is very premature to start basing any of our plans and programs on such assumptions, but I think it is not premature to begin thinking about it.

Senator WIRTH. Institutionally, we have to start people thinking and getting them to be attuned to and responsive to change. I am very pleased that you are there.

I just want to note for the record, as accolades have come from all quarters, there is one group of people in town who are particularly pleased, and that is the big group of White House Fellows. All the White House Fellows are very proud of your appointment and pleased that you are taking this on.

Thank you very much.

General POWELL. Thank you, Senator.

Chairman NUNN [presiding]. Senator Wirth, thank you. Senator McCain is next and then we have Senator Gorton and then we have Senator Thurmond, who will not ask questions. We have a vote on the floor. The question is whether we come back, whether we get people who will come back. Senator Gorton, would you like to come back?

Senator GORTON. Do you not have a meeting scheduled for right after this?

Chairman NUNN. We are trying to get a quorum together to vote on a number of nominations. We can try to get that quorum back over here, or we can try to get it in the Vice President's office, depending on——

Senator GORTON. Why do you not go ahead and do that? If there are some minutes left after Senator McCain, I will do that.

Chairman NUNN. Senator McCain. Thank you.

Senator MCCAIN. That is an optimistic view of my lack of eloquence. Welcome, General. I would like to add my——

Chairman NUNN. Senator McCain, let me announce this for Senator Gorton. We will come back here, so we will have time to complete the rounds of questioning.

Senator GORTON. Thank you.

Senator MCCAIN. General Powell, I add my congratulations on your selection and in my life I have been privileged to know some outstanding military leaders. I view you at the very top.

I think you bring unique qualifications, not the least of which is your service in combat in defending the freedom of a very small nation a long way from here, and I consider it a great privilege to have had the opportunity of working with you in your previous work. So, congratulations.

General POWELL. Thank you, Senator.

Senator MCCAIN. We have had numerous discussions on many issues over the years. I would like to surface one of recent vintage with you, and I am sure you have been aware of a recent vote that we took on the Defense authorization bill, which authorized the shoot-down of unarmed aircraft by various agencies of the U.S. Government. By the way, as you know that was resisted by the chairman of the committee and this Senator on the floor of the Senate as being a very unwise, and indeed risky, venture, to shoot down aircraft whose only guilt, that I could ascertain, is that they are unidentified and Senator Warner, obviously, has always exerted his leadership in opposing that amendment also. Thank you, Senator Warner.

Chairman NUNN. None of us opposed it strongly enough, because it passed.

Senator MCCAIN. And it passed, which I think is significant, frankly, of the hysteria that surrounds this whole issue of the war on drugs. I can imagine the repercussions when the first dentist whose radio fails flying back to Miami from the Bahamas gets shot down, and, of course, the lives being endangered.

I would like to have your views on this, and perhaps a few more words as to how you feel about how the military can assist best in this war that we are in—particularly, also, in light of Secretary Cheney's recent comments.

General POWELL. Senator, I have the most serious reservations about the proposal that you just described. I have heard it compared to the same thing a cop on a beat does, but I cannot quite see that comparison.

It seems to me to fail in the fundamental American safeguard of due process, and so, unless somebody can make an entirely new case to me that suggests that this would be a good idea, it does not sound like a good idea to me. I have most serious reservations.

The proposal at the moment has to do with law enforcement agencies doing the shooting down, and not, at the moment, the Armed Forces of the United States, but that is a very narrow chasm to cross, once you start down that road. It seems to me to go against long tradition with respect to use of the Armed Forces in the United States and I share the reservations that you, Senator Warner and Senator Nunn have mentioned, and the reservations that I believe Admiral Crowe and the Chiefs have with respect to the proposal, as well as the reservations that Secretary Cheney has expressed as recently as Monday.

Going to the second part of your question, as I have said several times during the course of this hearing, I support the war on drugs. I support the proper use of military forces to assist in that war. I will support that if I am confirmed as the Chairman. I am supporting it now, as one of the specified commanders in response to the recent direction I have been given by the Secretary of Defense.

Senator McCAIN. I think it is well to note that if we are in a war, we need to use the military, and the rationale that the military is not trained for many of the contingencies which arise in this war on drugs, I think must be rebutted to some degree, that if they are not trained for that, then we ought to start training them for it if we are in a war.

At the same time, before we actually commit American advisers to situations where there is a possibility of loss of American lives, that issue should be surfaced before the American people. Would you agree with that?

General POWELL. Yes. This will not be without risk, but I think it is a risk worth taking. We ask policemen every day to take risks when they go out and do their part in the war on drugs, and if we are going to send advisers to foreign countries because it will help in this war, we should do everything possible to make sure that we have provided for their personal security. But at the same time, we have to recognize there will be risk.

Senator McCAIN. Finally, if I could philosophize with you for just a moment, particularly in this era of reduced defense budgets with no prospect of anything else, but very frankly, speaking from a political standpoint, my concern continues to be heightened about our inability to have an accurate depiction, not only for Congress but for the American people, of our roles and missions.

A significant part of our ability to evaluate in this ever-changing relationship, particularly Superpower relationships, has to do with net assessments, and I have been beating this drum for so long that I grow weary of it, as I know you do, but I would like to have your commitment to look at the whole situation of net assessments, whether it be from a JCS standpoint or a DOD standpoint, both in strategic and other areas.

Because I frankly see no way that we can possibly convince the American people if there is a need for increased defense spending, or if there is a need for maintaining a level of defense spending, unless they are clearly aware of the threats to our national security that are posed not only by our Superpower adversaries but the rising—for example, what I view as the most significant threat emerging, and that is the acquisition of atomic, biological, and chemical weapons and the means to deliver them by Third World nations.

So perhaps you could reassure me that that will be a priority of yours, amongst the many other priorities that you have.

General POWELL. I can reassure you, Senator, that I will pay attention to net assessments, but I would also add that net assessments are just one of many tools available to military advisers and policymakers to come to final judgments.

They tend to be static assessments in a world that is no longer very static, and so as long as they are seen as one of the many tools available to the policymaker, then I think they serve a useful purpose.

When they are seen as the only tool, and the only thing that should serve as a basis for decisionmaking, then they have less utility, in my judgment. But you can be sure that I will give it a great deal of attention and share your interest in such objective assessments.

Senator McCAIN. Please do not neglect the fact that it is not only a tool for the decisionmaker, but it is a tool for the American people to understand what situation the United States faces in the world.

General POWELL. Yes, sir.

Senator McCAIN. Senator Nunn has asked me to declare a recess until he returns from the vote. This committee will stand in recess until the return of Senator Nunn.

[Whereupon the committee was recessed.]

Chairman NUNN. The committee will come back to order.

Just for announcement purposes, we had planned to discuss the appropriation bill this morning in the committee after we got through this hearing. We had also planned to discuss a conference proposal on the missiles and the B-2 and the SDI proposal that has been made by the House. I have talked to several members about that.

It appears we are going to run out of time and not be able to do either. So I am going to try to get our group back together at about 2 p.m. before the Strategic Subcommittee, and then we will also try to vote on the nominations, which we have not done. Senator Wilson.

Senator WILSON. Mr. Chairman, has anybody apprised you yet of the fact that there is to be a meeting of all Republican Senators at 2 p.m.?

Chairman NUNN. No.

Senator WILSON. I feared as much.

Chairman NUNN. That may be a chance for us to settle the conference. [Laughter.]

Senator WILSON. It could be, and if that is possible, why yes.

Chairman NUNN. I am just kidding. I did not know that. We may have to reschedule it. It is really the strategic panel that is meeting at 2 p.m.

Senator GORTON. That is over in the House, is it not?

Chairman NUNN. It is over in the House. Senator Wilson, what time will that Republican meeting be over?

Senator WILSON. Well, tell me what time we will get out of here.

Chairman NUNN. What is it about?

Senator WILSON. It is about catastrophics.

Chairman NUNN. Well, there is no telling. I will consult with Senator Warner and see if we can finesse the schedule.

Senator Gorton.

Senator GORTON. General Powell, I want to go back to questions addressed quite a bit earlier with respect to the administration's change of position on mobile missiles.

Could you, to the best of your ability to do so, explain to me the rationale for that change? Is it because a ban on mobile missiles is considered to be undesirable, unattainable, unverifiable, or is it the position of the administration that we can make more and better mobile missiles and thus enhance our security? Does it assume congressional support for mobile missiles both short- and long-term?

Try that whole thing on, would you?

General POWELL. I was not privy to the discussions that must have taken place within recent days for the administration to change our position because there was no reason for me to be. I am still Commander in Chief of Forces Command, happily, in Atlanta.

Just to speculate a bit, however, I think there was certainly consideration given to the fact that probably it was difficult to verify such a ban. It probably was also, in my own personal judgment, not attainable.

It seems unlikely, in my judgment, and it has been unlikely, in my judgment, for some years that the Soviets would give up the investment they have already made in mobile systems, particularly in light of the fact that the United States has not made up its mind over the last 8 or 9 years as to how we would add a mobile component.

So I do not know that it is being driven by the fact that we can make better mobiles than they can. I think the realization is that both sides have reason to go the mobile route for purposes of survivability, and that since we were both able to go the mobile route and the Soviets have already gone the mobile route, we could remove this one negotiating position we have had out there that said no mobiles so that we can demonstrate to the Congress that it is now time to understand that that impediment has been removed from our negotiating position and from our discussion with the Congress and get on with approving both mobile systems so that we have some basis to negotiate something with the Soviets that would at least cap the number of such systems we might have as well as begin discussion of how one would verify the presence or absence of mobiles and how many mobiles exist on both sides.

So I think it is a matter of something that was probably not attainable, one that was not achievable in the long term and which would have been very difficult to verify, but it is based on the hope that the Congress will now provide long-term support to both mobile land-based systems.

Senator GORTON. I think that is a pretty good answer.

I must say, General, I think unattainable is a better answer than unverifiable. If you cannot verify zero, it seems to me that it is going to be very difficult to verify a number.

General POWELL. Fair enough.

Senator GORTON. On another subject, I join with my colleagues in stating that I think the President chose masterfully in choosing you, but I am not sure after a few years how happy you are going to be with the choice because you are going to be faced with a number of very, very difficult decisions and real challenges.

As you look forward to the inevitable reduction in the defense budget because of the change in perception of the threat on the part of the people of the United States, I was especially interested in your answer, with which I agreed fully, to I believe Senator Levin with respect to Secretary or President Gorbachev.

As you look forward to the almost inevitable reduction in the defense budget, what major priorities would you lay out for mutually agreed reductions in military forces or weapon systems with the Soviet Union; and what areas would you be likely or possibly be likely to come up with with respect to unilateral cuts on the part of the United States on the assumption that the Soviet Union acts upon the Gorbachev rhetoric?

General POWELL. We are making some unilateral cuts now just as a result of the budget reductions that are being forced on us.

May I answer the question this way, Senator, by saying that if there is one thing that I am sure of, when this is all over, however it resolves itself, however the process plays out, the one thing we are going to need are quality soldiers, sailors, airmen and marines in units that are ready to fight if called upon to do so.

The one thing that I hope never to preside over as Chairman of the Joint Chiefs of Staff are hollow units. I think we have to be very careful if we believe that we can continue to cut the budget without reducing the size of our Armed Forces, because sooner or later we are going to face that. At that point, it may be a unilateral reduction. I would prefer it to be a reduction that has been negotiated with the Soviets.

The one thing we do not want to do is to allow our Armed Forces to be seen as unready or unable to execute whatever challenges may come our way either from the Soviet Union or elsewhere in the world.

So I think we have to keep a trained, ready, proud force of good soldiers, and we have to invest in our future with modernization and with the necessary research and development accounts. We have to make sure that our strategic programs are intact because strategic programs are directed against the only threat in the world that is a threat to the very existence of our Nation.

So if you tell me to balance the books, I will balance the books; and the recommendations I will give will probably have to do with the overall size of the Armed Forces to make sure that we do not end up with Armed Forces that are not ready and not able to perform if called upon to do so. I would rather have one that is smaller as long as it is always ready to perform as advertised when called upon.

Senator GORTON. Thank you very much, General.

Chairman NUNN. Thank you, Senator Gorton.

Senator Kennedy, as everybody knows we have 5 minutes to go over and vote, but why not go ahead and start your questions.

Senator KENNEDY. I want to just join in congratulating you, General, for your extraordinary career as a national security adviser and as a top combat commander. I do not think we can take all the credit for this because you were inspired in your initial service in being in Fort Devins, Massachusetts. Nonetheless, we were glad to have you there.

General POWELL. I first met you at that time, Senator.

Senator KENNEDY. That is right.

Just briefly, there is no question that there is a changing world, and I certainly would agree with you in terms of quality of readiness and high morale of our military forces.

Do you believe that there are serious opportunities now to reduce the attentions and approving our own kind of security that are evidenced now?

There have been some, and I think, quite frankly, fair observations that we have been rather unresponsive, unimaginative in really not creating the kinds of conditions which are changing the world. Some people say that we could get aid for Poland if we declared it a savings and loan bank.

Nevertheless, putting that aside, what is your own view in terms of this changing world situation? What new opportunities are you going to suggest to the President? Without specificity, the core question is do you want Gorbachev to succeed or fail and from that comes a variety of different actions or counteractions?

Maybe it is not as simple as that, but what would be your answer?

General POWELL. I think it is a time of opportunity. Within that period of opportunity, there will be uncertainty. There will be anxiety. There will be instability as we watch this historic epic change taking place in the Soviet Union and in eastern Europe.

The answer to the question of do I want Gorbachev to succeed is yes. I think the direction that he is moving the Soviet Union in, if he is successful in continuing that movement, has to eventually serve our national security purposes and serve the hopes of the people of the world for a more secure world, a more stable world, a world more at peace.

If that all comes to pass, then I think there will be opportunities to reshape our defense programs, our national security policies, and our Armed Forces consistent with the way that world turns out to be; not the way we hope it will turn out to be, but the way it actually turns out to be.

My concern, Senator, is if we take premature actions now based on hopes rather than reality.

Senator KENNEDY. Finally, just in terms of the military and its role on interdiction and as part of the whole drug war, I think there is an appropriate role for it.

Tell us briefly your own caveats in terms of American military forces being involved in this.

General POWELL. I think we have a contribution to make. I think it has to be consistent with our law and with our tradition which essentially says U.S. Armed Forces, particularly within the United States, should not be involved in law enforcement activity getting down to the arrest of people or the apprehension of persons. That is legitimately, by our law and by our tradition, a function to be performed by civilian authorities.

We can help. In my own Forces Command, I have units that have the capability of thickening our Border Patrol activities, of providing intelligence and other support to law enforcement agencies, and I am looking for creative ways to do that aggressively.

Senator KENNEDY. Finally, there is talk about U.S. military forces and the limits of military force in these foreign countries. We heard limits, as you know, a number of years ago also in terms of the preliminary steps that brought us into a much heavier kind of equipment certainly in Southeast Asia.

What is your own kind of concern about the limits? Is that a fair analogy?

General POWELL. I do not think it is that good an analogy. We are providing mobile training team support, operational support to the Andean nations after consulting with them, and we will see how we can provide useful efforts.

I do not sense that this is a slippery slope that is going to get us into some sort of Vietnam kind of situation.

Senator **Kennedy**. If President Barco asked you for military forces, can you tell us what you would advise the President?

General **Powell**. I do not expect President Barco to make such a request. In fact, he has been rather categorical that he does not see the need for U.S. military forces in terms of infantry battalions going down and conducting combat operations.

I would, of course, as the President has said, examine any such requests carefully, but I would not at this time be prepared to make a judgment on a hypothetical situation like that until I understood the exact nature of the request.

Senator **Kennedy**. Thank you very much. I look forward to voting for you.

General **Powell**. Thank you, sir.

Chairman **Nunn**. Thank you, Senator Kennedy.

We are having hearings next week in the Permanent Subcommittee on Investigations on the Andean situation, Senator Kennedy, and we would love to have you join us.

General Powell, I have one more question, and then I believe we are going to detain you no longer. Not everyone has completed their questions, but there are meetings going on, and I think it will be unlikely we will get the group back.

Secretary Weinberger laid down certain criteria for the use of U.S. military forces abroad. During a lot of that time you were in the National Security Council, and you saw the arguments back and forth. I am sure you were in on a lot of it.

Do you believe, as some so-called experts have said, that the Joint Chiefs under the Weinberger criteria are too reluctant and too reticent to use military forces abroad in certain contingencies?

General **Powell**. My experience over the last several years is that the Joint Chiefs have been quite ready to recommend to the President the use of military force in response to situations. I think the Persian Gulf is an example. Libya is an example. Grenada is an example.

So there is no hesitancy to use the Armed Forces as a political instrument when the mission is clear and when it is something that has been carefully thought out and considered and all the ramifications of using military forces have been considered.

I do not sense that they go down the Weinberger checklist and say condition number three has not been met. Secretary Weinberger's very famous speech and his guidelines are useful guidelines, but I have never seen them to be a series of steps each one of which must be met before the Joint Chiefs of Staff will recommend the use of military force.

Chairman **Nunn**. I have prepared statements from Senators Dixon and Thurmond that they wish to have included in the record.

[The prepared statements of Senators Dixon and Thurmond follow:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, I am pleased to be here today to support General Colin L. Powell's nomination to be Chairman of the Joint Chiefs of Staff.

Mr. Chairman, I am happy to say that General Powell is the right man at the right time for the demanding job of Chairman of the Joint Chiefs of Staff.

I have reviewed General Powell's answers to the questions on selected defense planning and management issues submitted to him by the Committee on August 11. His answers to these questions indicate that he is willing to cooperate fully with the Congress.

General Powell has demonstrated throughout his career that he has remarkable judgement on complicated matters and can solve difficult problems without alienating others.

I believe General Powell will be an excellent Chairman of the Joint Chiefs of Staff and I support his nomination.

Thank you, Mr. Chairman.

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. CHAIRMAN: I believe that this is a historic day for our Armed Forces and our Nation. Not only will we consider the nomination of a distinguished soldier and acknowledged diplomat but, more importantly, we will consider the nomination of the first black American to be our Nation's top military officer. This nomination is a tribute to the thousands of black soldiers who have served our Nation with valor and dedication since the Revolutionary days.

General Powell, I join Chairman Nunn and Senator Warner in extending to you a warm welcome as the President's nominee for the position of Chairman of the Joint Chiefs of Staff. I was personally pleased that the President selected you. I believe you are fully qualified to lead our Armed Forces into the next decade. Your experience as an Army Officer, coupled with your service as the President's National Security Advisor, give you a unique perspective of our Nation's global military needs.

General Powell, you will be assuming the leadership of our Nation's military at a time of fiscal constraints and demands that we reduce our military spending. The challenges that you and the Joint Chiefs will be facing include the perception that we no longer face a military threat. I happen to disagree with that thinking and want you to know that you have my strong support in ensuring that our forces are unequaled.

Mr. Chairman, I will be pleased to support General Powell's nomination and trust that this committee will act expeditiously in getting the nomination to the floor.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, General Powell. As usual, you have done a splendid job. We wish you luck. I have every confidence you will be confirmed overwhelmingly, and we are going to try to do it as soon as possible.

General POWELL. Thank you, Mr. Chairman.

Chairman NUNN. Thank you.

[Whereupon, at 12:25 p.m. the hearing was adjourned.]

[Prepared questions submitted to Gen. Colin L. Powell, USA by Senator Nunn prior to the hearing with answers supplied follow:]

DEPARTMENT OF THE ARMY,
HEADQUARTERS FORCES COMMAND,
Fort McPherson, GA, September 1, 1989.

Senator SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR SENATOR NUNN: I deeply appreciate your congratulations on my nomination to serve as Chairman of the Joint Chiefs of Staff. I am looking forward to the confirmation hearing.

I have enclosed my answers to the questions on selected defense planning and management issues which you included with your letter of 11 August.

Sincerely,

COLIN L. POWELL,
General, U.S. Army Commander in Chief.

Enclosure.

DUTIES

1. Title 10, United States Code, in addition to designating him as the principal military adviser to the President, the National Security Council, and the Secretary of Defense, provides that the Chairman of the Joint Chiefs of Staff shall be responsible for the following principal functions: strategic direction; strategic planning; contingency planning; advice on requirements, programs and budgets; doctrine, training, and education; and such other duties as may be prescribed by law or by the President or the Secretary of Defense.

Question. Do you believe that the specific assignment of responsibilities listed above is appropriate for the JCS Chairman?

Answer. I believe that the responsibilities assigned to the Chairman under Title 10 are appropriate.

Question. How do you intend to carry-out your statutory duties in each of these areas?

Answer. I will have at my disposal the advice and counsel of the Joint Chiefs, the unified and specified commanders, as well as my own staff, to assist me in all of my statutory responsibilities. Additionally, I intend to make full use of the management tools at my disposal to include the Joint Strategic Planning System, the combatant commanders' Integrated Priority Lists, my membership on the Secretary of Defense's Executive Committee and the Defense Planning and Resources Board; and the Vice Chairman's membership on the Joint Requirements Oversight Council and the Defense Acquisition Board; and a host of similar mechanisms. As a result of the Goldwater-Nichols Act and other reforms, we are continually reviewing the adequacy of these mechanisms. I plan to participate fully in this review so that we will have solid systems and processes in place.

Question. Should you be confirmed as JCS Chairman, what "other duties" do you expect President Bush and Secretary Cheney will prescribe for you?

Answer. The duties assigned by Title 10 are rather inclusive. I am not aware of any "other duties" assigned to the Chairman. If I am confirmed, I will consult with the President and the Secretary of Defense to see if there are any additional duties they wish me to perform.

Question. What are the areas you believe need the most emphasis at this time?

Answer. I believe we have accomplished a great deal in recent years in joint training and education, and in the area of requirements. The Defense Management Review, forwarded by the Secretary of Defense to the President in July, addresses further actions to be taken in the requirements area. So while there is certainly more we can do in these areas, I believe the principal challenge for the new Chairman will be sustaining the current initiative to improve strategic planning, and achieving the goal of tightly forged links among national security policy, military strategy, operational plans, and the Service programs. We are faced with a rapidly changing world and declining resources—simultaneously. A major challenge to the Chairman will be to help the combatant commanders, the Secretary of Defense, and the President to shape the armed forces of the United States to accommodate this situation. We must shape the armed forces consistent with (1) our national security interests, (2) the changing geopolitical environment, and (3) the changing consensus on resources. I see these areas as needing the most emphasis in the challenging years ahead.

GOLDWATER-NICHOLS ACT

2. The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the amendments to the Act relating to special operations forces and low intensity conflict.

Question. How would you describe the basic philosophy of the Goldwater-Nichols Act, as amended, with respect to the functioning of the Joint Chiefs of Staff and the operational command of the armed forces?

Answer. The intent of the Goldwater-Nichols Act was (1) to improve the quality of military advice provided to the President, the Secretary of Defense, and the National Security Council; (2) to ensure that responsibility for CINC mission accomplishment was clear, and to give the CINCs the necessary authority and resources to accomplish their missions; and (3) to improve the formulation of national military strategy, the plans to support that strategy, and, if necessary, the actual joint operations to implement those plans. To do this, the Act provided for greater access to the views of the combatant commanders, made the Chairman the principal military advisor to the President, the NSC, and the Secretary of Defense, and directed the Chairman to serve as the conduit for the combatant commanders to the Secretary and the President. The Act made the Chairman the principal military advisor but not the only one. The other members of the JCS remain military advisors to the President, the Secretary of Defense, and the National Security Council. The Act intended to focus military advice but not, in any way, to suppress individual viewpoints. I believe the manner in which Admiral Crowe has carried out his responsibilities in this area, and the more active role of the combatant commanders in strategy development, requirements, budgeting, and personnel, fully reflects the intent of the Act.

Question. Do you believe that sufficient attention is being paid to the resourcing of and planning for special operations forces and low intensity conflict? If not, how would you make improvements in this area?

Answer. I am pleased about the increased emphasis being given to resourcing of and planning for Special Operations Forces (SOF) and Low Intensity Conflict (LIC). Today, I am concerned about the impact of declining resources on these two areas. Meeting congressionally mandated Special Operations airlift and sealift goals is a high priority with me, but I am keenly aware of many other very urgent needs. Moreover, the specific CINC plans tasked in the current planning cycle to meet specific LIC requirement, may present us with additional funding choices needed to implement those plans. Although a lot has been done, more needs to be done. If I am confirmed, it will be a priority item with me to sustain the increased emphasis on SOF and LIC.

Question. Are you fully committed to the complete and effective implementation of the Act, as amended?

Answer. I am fully committed.

DEFENSE MANAGEMENT REVIEW

3. The recently completed Defense Management Review, which is mainly concerned with the implementation of the recommendations of the Packard Commission, underscores the important roles that the Chairman and Vice Chairman of the Joint Chiefs of Staff must play in the management of scarce defense resources and the performance of the defense acquisition system.

Question. What role will the Chairman and Vice Chairman play in the implementation of Secretary Cheney's Defense Management Review?

Answer. Both the Chairman and the Vice Chairman have critical roles to play in the implementation of the actions Secretary Cheney proposes in the Defense Management Review (DMR). The Chairman will sit as a member of the new DOD Executive Committee—the key, senior deliberative and decision-making body within DOD for all major defense issues. He also will sit as a permanent member of the Defense Planning and Resources Board, from which a revitalized PPBS will be managed. It will continue to be the role of the Chairman to help the Secretary ensure that strategic planning and resource planning come together in a logical way. The Vice Chairman has an important role to play in the acquisition process. He chairs the Joint Requirements Oversight Council and is, therefore, responsible for examining what the CINCs and the Services need to implement our military strategy, and ensuring the maximum degree of interoperability. As described in the DMR, once a system is identified to meet the need, he works with the Under Secretary of Defense for Acquisition as the vice chairman of the Defense Acquisition Board to ensure systems being developed continue to be on time and cost effective throughout the development cycle. Both the CJCS and the VCJCS are well placed to influence defense management changes and assist the Secretary of Defense in streamlining the acquisition process and instilling discipline in the acquisition system to improve efficiency and effectiveness. At the same time, improvements to the Joint Strategic Planning System will enhance the integration of strategy with programming and weapons acquisition.

Question. What steps can be taken to ensure that the strategic planning process is fiscally constrained so that the resulting plans are realistic and viable?

Answer. The Joint Chiefs of Staff have a dual responsibility to our national leaders and the American people. First, we have to tell them what we think is needed based on our best military judgment. Beyond that, we have to give our advice on the fiscal realities of meeting multiple demands in a challenging world. As Chairman, I would owe you and other national leaders my best advice on both counts, and my best advice on how to shape the armed forces to meet these needs and realities, and the associated risk involved. Admiral Crowe has directed the Joint Staff to revise the Joint Strategic Planning System to ensure that strategic plans reflect fiscal reality. Simply put, plans and their accompanying force levels are constrained by the fiscal guidance provided by the Secretary of Defense. The first fiscally constrained strategic plan, produced in 1987, was for the period 1990-1994. This approach is consistent with the requirements of the Goldwater-Nichols Act.

Question. What steps can be taken to assist the military planning process in maturing to the point that military strategy and prioritized operational requirements will become major driving forces of the acquisition system?

Answer. Secretary Cheney has described these steps in the Defense Management Review. They include the new Executive Committee, the Defense Planning and Resources Board, the Joint Requirements Oversight Council, the Defense Acquisition Board, and the enhanced roles of the Chairman and the Vice Chairman of the Joint Chiefs of Staff in the budget and the requirements process. Included also is the increased participation of the combatant commanders in these processes. Further actions involve a diligent and energetic implementation of these steps which, if I am confirmed, I will do my part to ensure.

Question. What qualities and expertise do you think will be important in connection with the selection of a Vice Chairman?

Answer. The Goldwater-Nichols Act describes a vice chairman cast more in the operational mold as an alter-ego for the Chairman. In the Packard Commission's report, the Vice Chairman is cast more in the acquisition mold. I believe General Bob Herres has handled both roles in a very outstanding and most effective way and has defined the role of the vice chairman in a very significant way. I would look for a person with the qualities, expertise, intellect and background of General Herres. I would look for an officer with solid operational experience and a sound understanding of the acquisition system.

NET ASSESSMENT

4. One of the specific functions of the JCS Chairman is to perform net assessments of the capabilities of the United States and its allies as compared to those of its potential adversaries. Despite constant improvement and a large measure of personal time and effort on the part of Admiral Crowe, the annual net assessment is still not timely enough to play its intended role in the planning and budgeting process.

Question. What is your view as to the role of net assessments in the planning and budgeting process?

Answer. I believe net assessments are useful tools in the planning and budgeting process, but less useful in the multi-polar world of diversified threats than in the past era of bipolar confrontation. The danger is that if we over focus on net assessment (which implies a single threat) the result may be an inflexible force structure that is not readily adaptable nor well suited to deal with a wide variety of unexpected and unpredicatable circumstances.

Question. Do you have any ideas as to how the net assessment process can be improved?

Answer. The process of conducting net assessments has been evolving through the years. We have been using analytical tools such as models and war games for years to assist us in reaching strategic, force structure, and weapons acquisition decisions. Net assessments provide a relatively objective view of both the military capabilities required to meet some of our national military strategy objectives and the military capabilities obtained by various budgets and program options. In addition, the assessments offer comparative trends in several functional areas, as well as in regional and global conflicts. Based on current and projected capabilities of U.S. armed forces, the probabilities ascribed to various types of potential conflict, and an assessment of the attendant risk, one can draw general but informative conclusions about planning and programming priorities. The Joint Military Net Assessment (JMNA), delivered to Congress in June of this year, is an example of current efforts to this end. Such efforts can be improved through use of more powerful computational equipment and more rigorous, elegant models. I believe we are making strides in both areas.

Question. Do you agree with the Packard Commission that the Director of Central Intelligence should play a key role in the preparation of the net assessment?

Answer. The Packard Commission recommendation, that military net assessments be conducted with the assistance of the Joint Chiefs of Staff and the CINCs, in consultation with the Director of Central Intelligence (DCI), is in effect. The DCI's role has been enhanced through his participation in the Net Assessment Coordinating Committee. That committee is co-chaired by the Under Secretary of Defense for Policy and by the Director of the Joint Staff, and guides the development of net assessments through a formal coordination process involving full participation by the Defense intelligence community.

5. You have now participated as a combatant commander in the budget cycle that led to the establishment of the fiscal year 1990 budget submission under procedures that were developed to enhance its responsiveness to the operational requirements of the combatant commanders.

Question. Are you satisfied with the opportunity and the capability of the combatant commanders to influence the budget process?

Answer. Yes. OSD and the Services afford the CINCs a number of avenues to influence the budget process. For example, as Commander in Chief, Forces Command (CINCFOR) I met with the Defense Resources Board twice, prepared a formal Integrated Priority List, met with the Secretary of Defense privately, and provided him with quarterly written reports. I believe my views and concerns were fully aired and fairly considered.

Question. What recommendations, if any, do you have to improve the process with respect to the combatant commanders?

Answer. The new role of the Joint Staff and the CINCs in DOD's Planning, Programming, and Budget System (PPBS), is still evolving. More time is needed to realize fully the many organizational, procedural, and even cultural changes directed by law or recommended by the various reviews. One thing is certain, however. The system is better now than it was prior to 1986. The process is sound and growing stronger with each budget.

RESERVE READINESS

6. Much has been written and said about the readiness or lack thereof of the reserves to fulfill their assigned missions in the event of mobilization. As Commander in Chief, Forces Command, you command all U.S. Army Reserve forces.

Question. What is your view as to the state of readiness of the Army Reserves?

Answer. As the Commander of FORSCOM, I command all the U.S. Army Reserve (USAR) stationed in the United States and have made readiness of the USAR one of my top priorities. I am pleased to report that the readiness of the USAR has improved greatly in recent years. USAR units are integrated into our operational plans, participate routinely in our exercises, to include overseas deployment training, and are being programmed for the National Training Center. But the job is not yet done. There are still too many USAR units that do not meet acceptable readiness standards. The problem is resourcing. I am confident that, given sufficient resources, USAR units assigned to Forces Command can perform their assigned responsibilities.

Question. What steps have you taken to enhance the readiness of the Army Reserves and to structure the force to meet mobilization requirements?

Answer. As the Commander of Forces Command, I conducted an extensive examination of the USAR. During the examination, I identified a number of improvements that need to be made to realize more fully the potential of the USAR and provide the National Command Authorities a trained, ready, caring and proud strategic land force. We are changing the way we do business with the USAR to remove unnecessary layering and overlap. We also are working to improve the presence of full time manning and reduce administrative workloads in USAR troop units. I also have initiated programs to reduce turbulence and am looking at ways to increase the involvement of full time USAR general officers in the management of USAR affairs within the present chain of command.

Efforts underway to improve our capability to meet mobilization requirements include the CAPSTONE Program which aligns USAR units with their wartime commanders, our Total Mobilization study, and the annual Joint Command Readiness Program which examines in detail the requirements for mobilization, deployment and land defense of CONUS. We are intensely managing the readiness of USAR units in the 200K Call-up Force. Additionally, Exercise PROUD EAGLE being conducted in the fall of 1989 will test our ability on a national scale to support overseas warplans.

Question. What is your view as to the proposal that the Chief, Army Reserve be in the chain of command for the Army Reserve?

Answer. As I understand the proposal being examined, the Chief, Army Reserve would not be in a joint chain of command, but rather would command the USAR in a separate and distinct service command. Goldwater-Nichols explicitly clarified the chain of command by putting operating forces under combatant commanders. This proposal would again muddy the water.

As the Commander of Forces Command, I am charged with responsibility to provide a strategic force of trained, ready, caring and proud Army units to overseas combatant CINCs. This force consists of active, USAR and, when mobilized, National Guard units. I am responsible for ensuring that the federal force (active and USAR) arrives in the overseas theater prepared to fight and win as an integrated combined arms team in joint and combined operations. The critical point is that active and USAR units must be integrated by someone into a single force. In performing this responsibility, I am, in fact, performing a service for the overseas combatant CINC and permitting him to focus on fighting the war. Creating a separate USAR command would require additional resources for another chain of command, make it more difficult for the Army to provide overseas CINCs an integrated fighting force of active and USAR units, and represent a major step backwards from what has been accomplished in recent years. I strongly oppose the proposal.

Question. Would such a proposal, in your view, be consistent with the command authority of the combatant commander under the provisions of the Goldwater-Nichols Department of Defense Reorganization Act?

Answer. No, not in my judgment.

ANTI-DRUG MISSION

7. There has been considerable dissatisfaction with the pace and effectiveness of the Department's efforts to implement the anti-drug mission and tasks established last year.

Question. What steps would you take both as the Secretary's principal military advisor and within the Joint Staff to establish a high priority for this effort?

Answer. The American people have made it clear that they view drugs as a major problem and they want action. As a concerned citizen and a professional soldier, I agree with and share the concerns of the American people. The armed forces of the United States have capabilities that can and should be used in the national war on drugs—consistent with our laws and traditions concerning use of the armed forces. I assure you that I am fully committed to supporting the emphasis placed on this issue by the President and the Secretary of Defense. One of my highest priorities will be to do everything possible to ensure we are successful in winning the war on drugs, and I will be seeking innovative and appropriate ways for using the capabilities of the armed forces to assist local and national authorities in this effort.

ACCOUNTABILITY

8. We frequently hear the refrain from the Department, "Give us the authority without detailed guidance and then hold us accountable if we fail." When failures occur, however, there is a tendency within the Department to find that responsibility is so widely dispersed that accountability is difficult to establish.

Question. What are your views as to the importance of the concept of accountability in promoting operational effectiveness and deterring fraud, waste and abuse?

Answer. One of the first things I learned in the Army is General Order Number One: "To take charge of this post and all government property in view." This order is required of every soldier who performs guard duty and is applicable to Generals and DOD civilians as well. I firmly believe in and practice accountability. We cannot escape accountability for our actions, neither can we expect to have an operationally effective armed force and control fraud, waste and abuse without a strong commitment for accountability from all of us who are involved in the national defense. Stewardship of the nation's treasures entrusted to us is one of our most sacred trusts. One of my highest priorities will be to ensure that the national treasure, the most precious being the sons and daughters of our nation, entrusted to the military is taken care of. Not a life nor a penny should be wasted.

Question. In your view, what steps can the senior leadership take to further the concept of accountability without engaging in unlawful command influence?

Answer. We should not hesitate to recognize and reward success. Neither should we lack the courage to punish violators. We personally have to set and demand the standards of professionals. Military commanders are held accountable. The closer we mirror the concept of command responsibility in all areas of defense management, the closer we will be to the effective marriage of authority and accountability. In my view, existing legal and administrative procedures are fully adequate to establish accountability and permit appropriate responses in cases of performance failure or illegal or unethical conduct. Leaders at every level must have the courage and commitment to apply the rules when standards are not met.

PROMOTIONS AND ASSIGNMENTS

9. Title 10, United States Code, provides for the Chairman, Joint Chiefs of Staff, to review promotion lists to ensure that personnel who are serving or have served in joint duty assignments have been given appropriate consideration. Additionally, it provides, in case of recommendations for initial assignments to three or four star rank, that the Chairman shall evaluate the performance of officers as a member of the Joint Staff and in other joint assignments.

Question. Do you intend to utilize both these authorities to further the goals of Goldwater-Nichols in both these areas?

Answer. Yes. I am aware that good officers must believe joint duty will be rewarded for the expectations of Goldwater-Nichols to be achieved. I intend to monitor and actively participate in the system.

Question. Now that almost three years have passed since enactment of Goldwater-Nichols, do you believe that there is any reason for officers with recent joint duty experience not to be promoted at at least the same rate as their counterparts with only in-service assignments?

Answer. There is no reason for an officer with joint service not to be competitive for promotions and professional development with counterparts with only in-service assignments. The data for 1987 and 1988 reflect previous assignment practices and are not indicative of post-Goldwater-Nichols assignments. I believe it will be at least another year or two before the statistics accurately reflect our success toward achieving the goals. However, the trends are positive. I see a great number of our most talented officers serving in the joint arena. Many are being assigned following selection for promotion. Several are coming from command duty, and I am pleased to see a number of these completing joint service command assignments. These assignments of top quality officers to joint duty have already had an impact on the promotion statistics. Overall, I am satisfied that current Service assignment procedures are providing and will continue to provide the quality officers desired and needed to support joint warfighting and readiness.

Question. Do you believe that it would be desirable for the Chairman to have the authority to recommend officers for three and four star assignments such as the combatant commanders or do you believe that such authority should be restricted, as it presently is by Departmental regulation, to the Secretaries of the Military Departments?

Answer. I do not believe Departmental regulations unduly restrict the Chairman's ability to participate in the selection of officers for three and four star assignment. As you know, current statutory requirements stipulate that the Chairman provides an evaluation of performance of these officers as members of the Joint Staff and in other joint duty assignments. In addition, with the exception of the Chairman, Vice Chairman, and Chiefs of the Services, all three and four star nominations are reviewed by the Joint Chiefs of Staff. The Chairman has final authority to make recommendations to the Secretary of Defense, who forwards appointments to the President for approval. I am convinced that the close working relationship between the Service Secretaries, Chiefs of the Services, and the Chairman on these appointments ensures proper coordination and administrative checks, thus precluding the specific need for independent nomination procedures.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

PACKARD COMMISSION REPORT ON NATIONAL SECURITY

Senator GLENN. General Powell, the Packard Commission concluded that there is ". . . great need for improvement in the way we think through and tie together our security objectives, what we spend to achieve them, and what we decide to buy. The entire undertaking for our nation's defense requires more and better long-range planning."

To help improve our National Security Planning and Budgeting management, the Commission recommended a formal process to be followed by the Executive Branch and Congress. The process would begin with a comprehensive statement of national security objectives and priorities, based on recommendations of the National Security Council (NSC).

First, do you agree with the Commission's conclusion that there is a great need for improvement in our security planning and budgeting management system?

Second, if you do, what would you do as Chairman to improve the process?

General POWELL. I believe that, at the time of the Packard Commission report, there was great need for improvement in our Security Planning and Budgeting Management system. However, since that time, great strides have been made in implementing the Commission's recommendations. The Joint Strategic Planning System has undergone significant revision. The Chairman has just forwarded the National Military Strategy (NMS), through the Secretary of Defense, to the President. The National Military Strategy contains the recommended military strategy, fiscally constrained forces to achieve the strategy, military options, an assessment of the strategy and the options, and an evaluation of risk. The National Military Strategy will become an integral part of the Defense Planning Guidance providing an effective link between planning and resourcing. As you may know, the Defense Planning Guidance culminates the defense planning phase. The defense management review, in addition to establishing the Defense Planning Guidance, resulted in several changes emphasizing the planning phase of the PPBS and has institutionalized the process linking planning to strategy and strategy to resources. As Chairman, I plan on working closely with the Secretary to continue to implement the improvements recently instituted and continue to refine the Joint Strategic Planning System.

MILITARY MEDICAL SYSTEM

Senator GLENN. General Powell, as Chairman of the Manpower Subcommittee, I have had the military medical system at the top of the subcommittee's agenda for several years. There is no question that we must take some dramatic steps to correct the current disastrous situation in the medical system. Improvements are required in everything from combat medical, to peacetime care for servicemen and women and their dependents, to medical treatment of the military retiree community.

The problems in the system are full spectrum, ranging from a hemorrhage of military health care professionals into the civilian sector, to a severe shortage of support personnel, to an unacceptable increase of medical system costs, particularly in CHAMPUS.

The Manpower Subcommittee currently is working on an Omnibus Military Medical Bill for introduction next year. In that context, I would appreciate hearing your assessment of the military medical system, and to hear any ideas you may have on how to fix the problem.

General POWELL. I agree that medical care has been at the tip of the logistics support tail for too long. I fully support the high priority assigned to military medicine by President Bush's Management by Objectives Program. Quality medical care is a significant morale factor for U.S. combatants, and is a major force sustainer via rapid return of ill/injured personnel to duty. My role will be to serve as an advocate of the CINCs to obtain their wartime medical support requirements. The Joint Staff J4 Deputy Director for Medical Readiness (J4-DDMR) will continue to work with the Assistant Secretary of Defense for Health Affairs (ASD(HA)) and Services to structure programs that satisfy CINC requirements. To keep our wartime medical support ready, we must maintain a strong peacetime infrastructure. In this regard, I also advocate building a balanced military medical support force capable of serving all beneficiaries (thus decreasing CHAMPUS costs) and transitioning to wartime support posture if necessary. I appreciate your support for full funding of the medical aspects of Service programs, especially in the critical area of medical manpower.

QUESTIONS SUBMITTED BY SENATOR JOHN WARNER

DRUG INTERDICTION/USE OF NATIONAL GUARD

Senator WARNER. What are your views on National Guard soldiers conducting counter-drug activities under state control but with approval and financing from the Federal Government?

General POWELL. Using the National Guard to support the war on illegal drugs in support of the President's initiatives is an excellent mission for the Guard. The National Guard has many years of experience working with state and local agencies in a military support role. Using this experience and expertise, the National Guard has been able to provide capable assistance to local, state and federal law enforcement agencies. The National Guard first became involved in drug enforcement support in 1977 in Hawaii with marijuana eradication efforts. Involvement in the continental United States commenced in 1983 with increasing participation each year. With additional funding authorized by Congress in FY 89, all 54 jurisdictions submitted plans to provide drug enforcement support. All states have used National Guard assets to support drug interdiction and eradication operations, and over 100,000 mandays have been used in this effort during this fiscal year. Drug support during this fiscal year using the $40 million provided by Congress has been deemed exceptional by the supported agencies and the state governors and beneficiaries receive benefits as provided under current law.

Senator **Warner**. What if one of our National Guard soldiers is killed while conducting counter-drug activities? Who is responsible under such a situation?

General **Powell**. There is a certain degree of risk involved when our soldiers perform any mission to include routine training. Our policy is to minimize this risk with our strict rules of engagement and safety precautions. It should be kept in mind that National Guard soldiers and airmen are always in a support role and only participate when law enforcement officers are present. The responsibility for the death of a soldier or airman while performing a drug support mission is no different than if a death occurs while performing training in a Title 32 status and the Federal Government is responsible.

Senator **Warner**. Most State laws allow the National Guard to participate in direct law enforcement activities when under State control. Do you see the potential for problems?

General **Powell**. Current DOD policy and Federal law does not provide for soldiers, including National Guard members, to participate in arrest or seizure when operating in a Title 32 status and using Federal money. When in a State active duty status and using State funds, then their participation is governed by State law. We do not anticipate any problems as long as the National Guard role is not expanded to include arrest and seizure.

NATIONAL GUARD

Senator **Warner**. We now have a situation with our National Guard where the Federal Government pays approximately 95 percent of the costs to equip, man, train and maintain these forces. Yet they are seldom employed in actual operations in a federal status. Most of the time they are employed under the control of the governor of the state.

Do we now have a situation here where the Federal Government is funding some 50 separate little state armies to be utilized by the State governments in whatever role they see fit?

Many State government administrations may have very little military experience and lack the expertise necessary for the proper employment of military forces in many situations. Yet these National Guard personnel wear the uniforms of our U.S. Armed Forces. Is there a potential problem here?

General **Powell**. Following the termination of conscription in 1973 and in recognition of the need to make the most effective use of available resources in the implementation of national security strategy, the Department of Defense adopted the Total Force Policy. The objective of the policy is to obtain a balanced mix of Active and Reserve forces, which fully utilizes all available assets while ensuring that maximum military capability is achieved at the minimum realistic cost. The reliance of the United States upon its Reserve forces is greater today than ever before. The Reserve forces of the United States include two National Guard components—the Army National Guard and the Air National Guard; and five Reserve components—the U.S. Army Reserve, Naval Reserve, Marine Corps Reserve, Air Force Reserve, and Coast Guard Reserve. These Reserve component forces add up to more than 1.67 million uniformed personnel or 43 percent of the total U.S. military manpower.

a. The Army National Guard provides 30 percent of the Army's entire structure, and 51 percent of its combat units. Of the 28 combat divisions in the Army's force structure, ten are in the active Army, ten are in the National Guard, and eight are a mixture. The eight mixed, or hybrid divisions, are active divisions which require Army National Guard units of battalion or brigade size to reach full combat strength. There are more maneuver battalions in the Army National Guard today than in the active Army.

b. The Air National Guard makes up 26 percent of the total Air Force structure, providing 24 wings of 91 flying squadrons and 892 other specialized non-flying units. Today, the Air National Guard is responsible for 78 percent of the continental United States air defense mission and 40 percent of the tactical air support mission, and it provides 25 percent of all tactical fighters. In order to accomplish the air defense mission, Air National Guard crews are on alert 24 hours a day, 365 days a year.

c. In direct answer to the questions posed:

(1) You do in fact have 50 separate State National Guards, utilized by State governments, with the Federal Government providing approximately 95 percent of the funding. However, the missions and the training requirements of National Guard units must in all cases prepare them to meet their federal role, even though conducted under state direction. In establishing the National Guard drug support mission, Congress mandated that funding would go to the states to be used by the governors and prohibited use of the funds to support the National Guard in their federal role.

(2) When the National Guard is employed by the State governments, they are not employed in a direct "military" role. The National Guard is only employed in support of civilian agencies. When used in the drug interdiction effort, National Guard units augment and support local, state, and national civilian agencies. When civil agencies consider new drug interdiction efforts to be undertaken by National Guard units, the states seek concurrence from the National Guard Bureau (NGB) before implementation. CINCFOR has also been tasked to assist the NGB to develop a lessons learned data base to allow various states to profit from the experiences of previous National Guard efforts.

SHAPING THE FORCE: GEOPOLITICAL FACTORS

Senator WARNER. In your response to the advanced questions on your duties, you indicate that a major challenge to the Chairman will be to help the combatant commanders, the Secretary of Defense, and the President to shape the armed forces of the United States to accommodate a rapidly changing world and declining resources. You further indicate that the United States must shape the armed forces consistent with (1) our national security interests, (2) the changing geopolitical environment, and (3) the changing consensus on resources. What geopolitical changes do you see that will impact on the type of forces we should maintain in the next decade?

General POWELL. This is a time of challenge. In the next decade the world environment facing the United States will most likely be very different due to broad economic, political, and military trends that are taking shape, and potential changes that can only be foreseen as possibilities. In light of the changing environment we must carefully assess the threats to our security in terms of the balance of capabilities of the military forces maintained by ourselves, our allies, and our potential enemies. The types of geopolitical changes that will impact on the future force structure of the United States include the following:

The Soviet Union continues to modernize their strategic nuclear, theater nuclear, and conventional forces and their capabilities for projecting power. However, Kremlin leaders are at least talking about adopting a less menacing military posture and applying a standard of reasonable sufficiency to govern decisions on their military force levels. They appear to be essentially on track with their announced unilateral reductions.

Gorbachev's initiatives and stated intentions to reduce significantly the manpower and equipment levels of Soviet active forces are encouraging. Nevertheless, a significant shift toward Gorbachev's goal of economic modernization would require reductions in Soviet weapons production and research efforts which have not yet been promised by Gorbachev.

A number of elements of Soviet foreign policy offer grounds for hope. These include the Soviet withdrawal of all combat forces from Afghanistan, the successful conclusion of the INF Treaty and professed Soviet intentions in reducing strategic and conventional forces.

In contrast, the Soviets are continuing activities which raise questions about their intentions, including naval facilities construction at Tartus, Syria; support for Cuban forces in Africa; military assistance to Nicaragua's Marxist regime; and transfers of MiG-29 fighter aircraft and SA-5 surface-to-air missiles to North Korea. In this vein, there will be uncertainty about Soviet intentions for the foreseeable future.

Regarding Eastern Europe, there are unprecedented trends toward democratic openings and more market-oriented economies in Poland and Hungary.

The world is progressing toward a new international political order because of the emergence of a more unified Western Europe, strong economic powers in the Pacific, and because of reduced military threat from the Soviet bloc.

There is an assertiveness in Western Europe as its political debate shifts from security issues toward decisive questions of political and economic reshaping.

Asia is moving toward unprecedented political harmony and economic prosperity, resulting in a dramatic shift in power, policy, and international relationships.

In Africa, insurgencies, economic instability, and apartheid are potential threats to the region's supply of raw materials vital to civilian and defense industries in the West and Japan.

Insurgencies in El Salvador and elsewhere in Latin America, could threaten U.S. access to the Panama Canal and military facilities in the region, as well as the stability of Latin American democracies.

The emergence of independent Third World industrial states increases the potential for regional conflicts as divergent interests collide. The proliferation of nuclear and chemical weapons, and the growing availability of mid-to-high technology weapons, exacerbate the situation.

U.S. forward deployments and bases are subject to growing pressures from host nations. Rising concerns with national sovereignty and diverging interests make access to facilities increasingly dependent on shifting politics, leasing agreements or the type of crisis for which the bases can be used.

Transnational issues, such as terrorism and narcotics traffic, will pose increasingly serious ramifications for international politics.

These are several of the geopolitical changes which will impact on the type of forces we will maintain in the next decade. In sum, the United States confronts a complex world environment where the U.S. military will have to be prepared to respond to a wide range of possible contingencies.

PROPOSED REDUCTION IN TROOP STRENGTH

Senator WARNER. One of the issues we are dealing with in our Joint Conference with the House Armed Services Committee is a proposed reduction in European troop strength allegedly based on the INF Treaty. What is your view of this?

General POWELL. President Bush is committed to reducing U.S. forces in Europe through a CFE agreement. I support that effort. To unilaterally reduce our forces now, while negotiations are ongoing, would be premature because it undermines our negotiating ability.

VISITING THE SOVIET GENERAL STAFF

Senator WARNER. Your predecessor, Admiral Crowe, made a well-publicized visit to his counterpart, Marshal Akhromeyev, in order to establish the basis for personal contacts between our armed forces at the highest level. Now, both are going to be retired. Do you plan to renew these contacts with your Soviet counterpart?

General POWELL. Our contacts, to date, have played an important role in developing a greater degree of understanding between both our militaries. The personal relationship developed by Admiral Crowe and Marshal Akhromeyev contributed significantly to this positive change. I feel very strongly that I should continue along this path, in consonance with the overall U.S.-Soviet relationship.

ASAT PROGRAM

Senator WARNER. According to testimony before this committee on the fiscal year 1990 budget request, the JCS agree on the need for an anti-satellite capability. What are your views of the ASAT program and do you think the United States should deploy such a system to enhance the survivability of our military forces?

General POWELL. Lack of a U.S. ASAT capability—in military terms—is one of our most serious warfighting deficiencies. The Soviet Union currently enjoys a sanctuary in space from which to target our terrestrial and space forces. The United States has no real military capability to deny Soviet operations from space. To redress this military asymmetry, the United States must develop and deploy a low-earth-orbit ASAT capability. I support the DOD ASAT program and recommend full funding without restrictions.

THE ROLE OF SPACE IN FUTURE MILITARY OPERATIONS

Senator WARNER. The Soviets have a very robust military space program. Indeed, some Soviet military writings assert that space is the key to future military operations. How do you see the role and importance of space in U.S. military operations? Do you think our military officers and training should begin to emphasize more heavily the importance of space operations in future conflicts?

General POWELL. The role of space in military operations is increasing, and space assets today make important contributions to national security objectives. Space assets contribute vital support to the military operations of U.S. and Allied forces and enhance our ability to deter aggression. Space power is a cornerstone of future combat and we are making several efforts to improve our capability in this theater.

We are building a capability to assure our access to space and to improve the capability of satellite systems to meet the needs of the field commanders. In addition, we want to provide the national command authority the option to deny any adversary the ability to freely conduct his military operations from space with the fielding of effective anti-satellite weapons. A key part of this strategy relies on a well-trained cadre of officers. The Services recognize that well-trained personnel are essential to successfully operate and maintain space systems. Accordingly, they have implemented several programs to produce knowledgeable space operators as well as to educate all warfighters on the importance of space to the success of their operations.

JOINT EFFECTIVENESS OF HEADQUARTERS

Senator WARNER. After the Grenada operation, there was considerable discussion about the joint effectiveness of the headquarters in charge. Much of what we did in the Congress on the Goldwater-Nichols bill was intended to correct these problems of lack of jointness.

I remain concerned, however, that while we passed a great deal of legislation in this area, we may have had very little impact on jointness at the tactical or operational level. If this is a problem in your mind, what measures have been taken to address it?

Specifically, how does the Joint Establishment (JCS/CINCs) propose to provide on short notice, joint operational headquarters suitably manned, equipped and exercised to a satisfactory level of joint effectiveness?

Follow-up—If we had another Grenada situation today, would there be a difference in how the joint operational headquarters would be formed? Are we better off in this regard now than we were in Grenada?

General POWELL. In response to the Goldwater-Nichols Act, the Joint Chiefs of Staff created JCS Pub 5-00.2, Joint Task Force (JTF) Planning Guidance and Procedures. This publication establishes joint planning guidance and procedures for forming, staffing and deploying a JTF for short-notice contingency operations. Specifically, unified commanders/JTF commanders are provided direction regarding JTF HQ composition and manning responsibilities. This publication has been staffed with the Services and unified and specified commanders. It underwent evaluation in the field during BRIM FROST 89 (JTF Alaska and JTF Aleutians) and COBRA GOLD 89 (joint/combined with Thailand).

JCS-conducted No-Notice Interoperability Exercises (NIEXs) are designed to concentrate on resolving those interoperability and command, control, and communications (C3) issues which have been documented in lessons learned/re-learned recaps of past joint exercises and contingency operations.

All CINCs have developed a Joint Communications Electronics Operating Instruction (JCEOI) that includes a framework for C3 in contingency operations.

The intertheater COMSEC package, designed for contingency operations, has been effectively used in NIEX and other contingency scenario exercises.

Since Grenada, considerable JTF experience has been gained through numerous joint exercises. Lessons learned are maintained in the Joint Universal Lessons Learned System (JULLS), at every CINC's disposal to aid contingency planning and execution.

COMMITMENT VS. RESOURCES

Senator WARNER. For the fifth consecutive year we will have a defense budget with negative real growth. We continue to reduce our military capabilities, but I have not observed any reduction in our obligations or commitments.

Are you aware of any reduction in our obligations or commitments that would justify reducing our military capabilities?

General POWELL. No.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

SERVICES ROLES AND MISSIONS

Senator MCCAIN. One of the serious issues we face in an era of constant or reduced defense spending is the prospect of cuts in force structure. Do you think such cuts are likely during the coming five years, and if so what roles and missions would you give priority?

General POWELL. As resources decline, and as the overall situation changes throughout the world, we will certainly have to make adjustments in the different elements of our deterrent equation. In addition to making strategic modernization programs a bedrock item, I would say a balance needs to be struck with respect to our conventional forces. Specifically, how to get the proper balance between forward-deployed forces, reinforcing forces, contingency forces, and maritime forces.

IMPACT OF REDUCED SPENDING

Senator McCAIN. What impact do you feel that 5 consecutive years of reduced real defense spending has so far had on our force plans and current capabilities?

General POWELL. Reduced real spending has kept us from providing the remedies in such long standing areas of shortage as strategic lift and sustainment. It has also slowed the rate of modernization of our forces and has led to cuts in force structure primarily in terms of ships in the Navy and personnel spaces in the Army.

SACRIFICES/COMPROMISES IN MILITARY READINESS

Senator McCAIN. What sacrifices or compromises will we have to make in military readiness and capability if President Bush's defense spending proposals for fiscal year 1991-fiscal year 1994 are accepted by the Congress?

General POWELL. The President's fiscal year 1991-94 reduction proposals provide the best balance of military capability that can be had with the level of resources that remain for national defense. The reductions in readiness are minimal and the only compromises in readiness in the resulting defense program are in the areas of base operations and property maintenance. The proposals do make significant reductions in modernization and force structure. These reductions lead to a balanced but real decline in our capability to deter or fight a global conventional war.

ELIMINATION OF PLANNED REAL GROWTH

Senator McCAIN. How will this change if the Congress allows only constant real defense spending?

General POWELL. Elimination of the planned real growth from the defense program would, because of the preeminent priority afforded to programs supporting people, readiness, and strategic modernization, probably lead to further decreases in the force structure and weapon systems and increases in the risk associated with employing conventional forces.

FURTHER REAL REDUCTIONS IN SPENDING

Senator McCAIN. If the Congress should cut real defense spending by 1-2 percent annually during this period?

General POWELL. The defense program has already experienced 5 consecutive years of real decline in spending, including a 1.5 percent decline in fiscal year 1990. I cannot rationalize further real reductions in spending for defense based upon force drawdowns announced by the Soviet Union, shrinking demands upon our forces or the prospect that an arms reduction agreement is just around the corner. There are too many uncertainties on the horizon today to justify the levels of reduction in capabilities and loss of influence that reductions of this magnitude would produce.

CONVENTIONAL OPTIONS FOR NATO

Senator McCAIN. Do you feel that less priority should be given to conventional options for NATO?

General POWELL. No. The simple fact remains that in a global war, the Soviet Union sees avoidance of nuclear war while accomplishing their strategic objectives in Europe as their first priority. It takes conventional forces in Europe, ready to support NATO, to support general deterrence. In addition, forces in place in Europe that can defeat the first operational echelon of attacking Warsaw Pact fronts lend stability to crisis management. With those forces in place, the National Command Authorities can feel some confidence in our ability to delay the general reinforcement of NATO. We can continue deterrent options while putting off levels of mobilization that have the potential of convincing the Politburo that war is all but inevitable.

CONVENTIONAL FORCES EUROPE (CFE) IMPACT ON FORCE STRUCTURE

Senator McCAIN. What do you feel the impact of Conventional Forces Europe (CFE) will be on our force structure if President Bush's proposals are accepted by the Warsaw Pact?

General POWELL. If the President's proposal is completely implemented we are looking at a modest 15 percent reduction level, which will not have a serious impact on either our force structure or our doctrine. However, if you are looking at hypothesized reductions in the 25-50 percent arena there may be significant impact. We will have to look at the kinds of investments we make in strategic airlift, strategic sealift, and what kind of investment we make in the reserve component structure as well as the types of weapons systems that are best suited for any new force structures we may have to design.

FORCES AND CAPABILITIES FOR NON-NATO AND LIC MISSIONS

Senator MCCAIN. What are your major priorities for ensuring we will have adequate forces and capabilities for non-NATO and LIC missions?

General POWELL. We task the CINCs to plan for a broad range of regional contingencies. In addition, the JCS have directed that Low Intensity Conflict be treated as an organic part of this regional planning as well as planning for a global war. This effort includes anticipating the employment of the whole gamut of special operations capabilities as well as psychological operations and security assistance.

STRATEGY, NET ASSESSMENT AND FORCE REQUIREMENTS

Senator MCCAIN. What efforts are now underway to develop an improved national strategy, net assessment, and force requirements effort within the JCS? What impact is this having on the POM and next year's budget exercise? What further improvements do you feel are necessary?

General POWELL. We are now in the midst of a period of significant change in the way we approach these issues. We are revising our procedures in order to refine those portions of the Joint Strategic Planning System (and the Planning, Programming, and Budgeting System) that impact national military strategy development, military net assessments, and military force requirements. Specifically, we are both strengthening and streamlining the process to be more responsive in this rapidly changing national security environment. The relationship between key documents, which together provide insight to these issues, has been more clearly defined, and we have taken steps to enrich our military net assessment efforts. There is no doubt that the fiscal years 1992-97 Program Objective Memorandum will benefit from these revised procedures, as will the fiscal years 1992-93 budget submission.

I hesitate to speculate on further changes at this point. I want to have the opportunity to review this process carefully before suggesting changes.

FLOW OF INFORMATION

Senator MCCAIN. Have you had time to examine some of the barriers in the flow of information between the OJCS and OSD like MOP 39? Do you believe changes are necessary?

General POWELL. JCS MOP 39 is not a barrier to the flow of information between the Joint Staff and the Office of Secretary of Defense. It establishes procedures for release of sensitive Joint Staff information to external agencies on a need-to-know basis and protects the statutory relationship of the Chairman, Joint Chiefs of Staff as the principal military adviser to the National Command Authorities. There is no MOP 39 impediment to the release of such sensitive information to the Secretary of Defense and his designated representatives.

Joint Staff action officers, in the light of the DOD Reorganization Act of 1986, the Packard Commission Report (NSDD 219) and the recent Defense Management Review, are forging strong links with their OSD counterparts to complement those which exist with Service action officers. A healthy exchange of views and data is the result. Consequently, we do not believe that changes are required at this time.

FIVE YEAR DEFENSE PLAN

Senator MCCAIN. Secretary Cheney has stated we need much more realistic Five Year Defense Plans. What role do you feel that you and the OJCS should play in helping him achieve this objective?

General POWELL. I believe that the current Joint Strategic Planning System is the basis for a realistic Five Year Defense Plan. The system enables us to provide recommendations to the Secretary of Defense on fiscally constrained forces to carry out the National Military Strategy as well as net assessments which evaluate that force structure's ability to defeat the threat. I am also empowered, via Goldwater-Nichols, to submit alternative budgets to the Secretary of Defense if I believe they are more realistic that the Services' budget requests.

Senator McCain. What steps do you feel could be taken to provide improved military justification for stable long term funding for key programs?

General Powell. We have taken steps under the Defense Management Review to improve the way we articulate our warfighting needs to help stabilize weapon system acquisition programs. Stable programs cost less, a major benefit in times of shrinking resources. Program instability can be caused by many things, but changes to requirements and funding are the most significant. We have instilled discipline in the requirements process through the expanded role of the Joint Requirements Oversight Council (JROC) in reviewing and validating requirements. The JROC provides the military justification for stable funding for key programs, but we must rely on our partnership with OSD and the Congress to make this funding stability happen.

JOINT MILITARY NET ASSESSMENT

Senator McCain. This year's Joint National Net Assessment suffered from a number of weaknesses. These seem to have included:

The use of dated and inadequate data bases.

The use of a limited number of unrealistic scenarios.

Reliance on long and relatively rigid war games, and a lack of explicit military judgment.

Limited coordination with the MNCs.

A failure to summarize the key facts, trends, and data necessary to explain and justify its conclusions.

A lack of focus on the need to provide a document that will provide the military justification for the FYDP and the President's budget request in a way that can be clearly understood by the Congress and the American people.

The failure to provide the document on a timely basis.

What steps are being taken to improve next year's edition, and what further steps do you feel are necessary?

General Powell. Overall the Joint Military Net Assessment (JMNA) has to be judged as a good and useful first effort. As was pointed out in the letter of transmittal, this document was submitted in a time of significant budget and political change, making data and judgments all the more difficult. This having been said, we have a number of initiatives underway to improve our military net assessments. As the complexity and sophistication of our net assessments grow, it becomes even more important to focus on the most critical part of the process. While simulations, models, and analyses are critical tools in developing net assessments, they provide only a part of the answer. The true value of our net assessments stems from the examination of analyses within the framework of disciplined thinking and sound military judgment.

The specific process by which we conduct military net assessments is sound. We are accommodating the changing nature of the threat and of fiscal realities. Additionally, we are making our assessment based on several scenarios, including those dealing with drugs, terrorism, and conflict at the lower end of the spectrum. In addition, the document has been restructured to provide a more useful portrayal of trends. As we refine our techniques, the product will continue to improve, and we are addressing these issues now as we develop the 1990 JMNA.

The Services have always been deeply involved in assessment efforts, and we are making strides in increasing the involvement of the CINCs. A number of ongoing projects will produce a greatly enhanced capability to further involve the CINCs.

The timing of its required submission presents a challenge. The law requires us to submit this assessment at the same time the President submits his budget request. This, as you know, is a period of some turbulence. A later submission date would allow a full consideration of the program in final form. This would still allow time for Congress to study the assessment prior to making their marks. Furthermore, as we move toward a biennial budget, it would be helpful to submit the JMNA in those appropriate years.

[The nomination reference of Gen. Colin L. Powell, USA follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
September 6, 1989.

Ordered, that the following nomination be referred to the Commitee on Armed Services:

The following-named officer for appointment as Chairman of the Joint Chiefs of Staff under the provisions of title 10, United States Code, section 152(a):

Chairman of the Joint Chiefs of Staff

To be General

Gen. Colin L. Powell, 113-28-4024, United States Army.

[The biographical sketch of Gen. Colin L. Powell, USA, which was transmitted to the committee at the time the nomination was referred, follows:]

RESUME OF SERVICE CAREER OF COLIN LUTHER POWELL, GENERAL

Date and Place of Birth: 5 April 1937, New York, New York.

Years of Active Commissioned Service: Over 31.

Present Assignment: Commander in Chief, Forces Command, Fort McPherson, Georgia 30330, since April 1989.

Military Schools Attended: The Infantry School, Basic and Advanced Courses, United States Army Command and General Staff College, The National War College.

Educational Degrees: City University of New York—BS Degree—Geology; George Washington University—MBA Degree—Business Administration.

Foreign Language(s): None recorded.

Major Duty Assignments:

From	To	Assignment
Jun 58	Oct 58	Student, Infantry Officer Basic Course, later Ranger Course, and later Airborne Course, United States Army Infantry School, Fort Benning, Georgia.
Oct 58	May 59	Platoon Leader, Company B, 2d Armored Rifle Battalion, 48th Infantry, United States Army Europe.
May 59	Jul 59	Assistant Adjutant, Combat Command B, 3d Armored Division, United States Army Europe.
Aug 59	Oct 60	Platoon Leader, later Executive Officer, Company D, 2d Armored Rifle Battalion, 48th Infantry, United States Army Europe.
Dec 60	Oct 61	Liaison Officer, later Executive Officer, Company A, 1st Battle Group, 4th Infantry, 2d Infantry Brigade, 5th Infantry Division (Mechanized), Fort Devens, Massachusetts.
Oct 61	Feb 62	Commander, Company A, 1st Battle Group, 4th Infantry, 2d Brigade, 5th Infantry Division (Mechanzied), Fort Devens, Massachusetts.
Feb 62	Sep 62	S-1 (Personnel), 1st Battalion, 2d Infantry, 5th Infantry Division (Mechanzied), Fort Devens, Massachusetts.
Oct 62	Nov 62	Student, United States Army Special Warfare Center, Fort Bragg, North Carolina.
Dec 62	Jan 63	Self Defense Corps Training Center Advisor, 2d Infantry Division, I Corps, Military Assistance Advisory Group Vietnam.
Jan 63	Nov 63	Senior Battalion Advisor, Unit Advisory Branch, later Assistant G-3 (Operations) Advisor, 1st Infantry Division, Army of the Republic of Vietnam, Military Assistance Advisory Group, Vietnam.
Nov 63	Jun 64	Test Officer, United States Army Infantry Board, Fort Benning, Georgia.

From	To	Assignment
Aug 64 ...	May 65 ...	Student, Infantry Officer Advanced Course, United States Army Infantry School, Fort Benning, Georgia.
May 65 ...	Feb 66	Test Officer, Supporting Weapons Test Division, United States Army Infantry Board, Fort Benning, Georgia.
Feb 66	Jun 67	Instructor/Author, Operations Committee, United States Army Infantry School, Fort Benning, Georgia.
Aug 67 ...	Jun 68	Student, United States Army Command and General Staff College, Fort Leavenworth, Kansas.
Jun 68	Sep 68	Executive Officer, 3d Battalion, 1st Infantry, 11th Infantry Brigade, Americal Division, United States Army Vietnam.
Sep 68	Jul 69	Assistant Chief of Staff, G-3 (Operations), later Deputy G-3 (Operations), Americal Division, United States Army Vietnam.
Sep 69	Jul 71	Student, George Washington University, Washington, DC.
Jul 71	Jun 72	Operations Research Analyst, Office of the Assistant Vice Chief of Staff, United States Army, Washington, DC.
Sep 72	Aug 73 ...	White House Fellow, Office of Management and Budget, The White House, Washington, DC.
Sep 73	Sep 74	Commander, 1st Battalion, 32d Infantry, 2d Infantry Division, Eighth United States Army, Korea.
Sep 74	Jul 75	Operations Research Systems Analyst, Office of the Deputy Assistant Secretary of Defense (Manpower Requirements and Analysis), Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs), Washington, DC.
Aug 75 ...	Apr 76	Student, National War College, Fort McNair, Washington, DC.
Apr 76	Jul 77	Commander, 2d Brigade, 101st Airborne Division (Air Assault), Fort Campbell, Kentucky.
Jul 77	Dec 78	Executive to the Special Assistant to the Secretary and Deputy Secretary of Defense, Washington, DC.
Jan 79	Jun 81	Senior Military Assistant to the Deputy Secretary of Defense, Washington, DC.
Jun 81	Aug 82 ...	Assistant Division Commander, 4th Infantry Division (Mechanized), Fort Carson, Colorado.
Aug 82 ...	Jun 83	Deputy Commanding General, United States Army Combined Arms Combat Development Activity, Fort Leavenworth, Kansas.
Jul 83	Jun 86	Military Assistant to the Secretary of Defense, Office of the Secretary of Defense, Washington, DC.
Jun 86	Dec 86	Commanding General, V Corps, United States Army Europe.
Jan 87	Dec 87	Deputy Assistant to the President for National Security Affairs, The White House, Washington, DC.
Dec 87	Jan 89	Assistant to the President for National Security Affairs, The White House, Washington, DC.

Promotions	Dates of Appointment	
	Temporary	Permanent
2LT	9 Jun 58	30 Jun 58
1LT	30 Dec 59	30 Jun 61
CPT	2 Jun 62	30 Jun 65
MAJ	24 May 66	30 Jun 72
LTC	9 Jul 70	30 Jun 79
COL	1 Feb 76	
BG	1 Jun 79	22 Jan 82
MG		1 Aug 83
LTG	1 Jul 86	
GEN	4 Apr 89	

U.S. Decorations and Badges:
Defense Distinguished Service Medal (with 2 Oak Leaf Clusters).
Defense Superior Service Medal.

Legion of Merit (with Oak Leaf Cluster).
Soldier's Medal.
Bronze Star Medal.
Purple Heart.
Air Medal.
Joint Service Commendation Medal.
Army Commendation Medal.
Combat Infantryman Badge.
Parachutist Badge.
Pathfinder Badge.
Ranger Tab.
Presidential Service Badge.
Secretary of Defense Identification Badge.
Army Staff Identification Badge.
Source of Commission: ROTC.

Summary of Joint Assignments:

Assignment	Dates	Grade
White House Fellow, Office of Management and Budget, The White House, Washington, DC.	Sep 72-Aug 73....	Lieutenant Colonel.
Operations Research Systems Analyst, Office of the Deputy Assistant Secretary of Defense (Manpower Requirements and Analysis), Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs), Washington, DC.	Sep 74-Jul 75......	Lieutenant Colonel.
Executive to the Special Assistant to the Secretary and Deputy Secretary of Defense, Washington, DC.	Jul 77-Dec 78......	Colonel.
Senior Military Assistant to the Deputy Secretary of Defense, Washington, DC.	Jan 79-Jun 81....	Brigadier General.
Military Assistant to the Secretary of Defense, Office of the Secretary of Defense, Washington, DC.	Jul 83-Jun 86.....	Major General.
Deputy Assistant, later Assistant to the President for National Security Affairs, The White House, Washington, DC.	Jan 87-Jan 89.....	Lieutenant General.

As of 10 August 1989.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Gen. Colin L. Powell, USA in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **NAME:** (Include any former names used.)
Gen. Colin Luther Powell.

2. **Position to which nominated:**
Chairman, Joint Chiefs of Staff.

3. **Date of nomination:**
September 6, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
April 5, 1937, New York City, New York.

6. **Marital Status:** (Include maiden name of wife or husband's name.) Married, Alma Vivian Johnson Powell.

7. **Names and ages of children:**
Michael K. 26; Linda M. 24; Annemarie 19.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Morris High School, Bronx, NY, Dipl. 1950-1954.
City College of NY, NYC, BS, 1954-1958.
George Washington University, D.C., MBA, 1969-1971.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
CINC, FORSCOM, 4 Apr 89 to Present, Ft McPherson, GA.
Nat Sec Adv, 21 Dec 87 to 20 Jan 89, Washington, D.C.
Dep Nat'l Sec Adv, Jan 87 to Dec 87, Washington, D.C.
Cdr, V Corps, 16 Jun 86 to Jan 87, FRG
Military Ass't to SEC of DEF, July 83 to July 86, Washington, D.C.
DCDR, CACDA, July 82 to July 83, Ft Leavenworth, KS.
Asst Div CDR, 4th Inf Div Mech, June 81 to July 82, Ft Carson, CO.
Sr Mil Asst to DEP SEC of DEF, March 79 to June 81, Washington, D.C.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
White House Fellow 1972-1973.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
Board Member, Armed Forces Relief and Benefit Assn.

Counsellor, Army Mutual Aid Assn.
Partner, Queen City Broadcasting.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

AUSA.
Council on Foreign Relations.
Alfalfa Club.
Nat'l Academy of Public Administration.
Atlanta USO (Honorary).
"The Rocks" Inc. (Fraternal/Social).

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Defense Distinguished Service Medal w/2OLC.
Defense Superior Service Medal.
Legion of Merit w/OLC.
Soldier's Medal.
Bronze Star Medal w/2OLC.
Air Medal.
Joint Service Commendation Medal.
Army Commendation Medal w/2OLC.
Purple Heart.
President's Citizens Medal.
Secretary of State Distinguished Service Medal.
Secretary of Energy Distinguished Service Medal.

Honorary Doctorate Degrees:

Clemson University.
Atlanta University.
New York University.
Tuskeegee Institute.
College of William and Mary.

Awards:

NAACP Awards 1986 and 1989.
Patriot's Foundation "One Nation" Award.
Golden Plate Award—American Academy of Achievement.
George Washington University Alumni Award.
CCNY Townsend Harris Award and President's Award.
1989 VFW Armed Forces Award.
Detroit Optimist Club Man of the Year 1988.
Senior Award—American Society of Public Administration 1989.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

"From CCNY to the White House," in The Public Interest, Number 94, Winter 1989, p. 87; published by National Affairs, Inc.

"The NSC Advisor: Process Manager and More," in The Bureaucrat, Vol 18, No. 2, Summer 1989, p. 45; published by The Bureaucrat, Inc.

"National Security Challenges of the 90's," in ARMY Magazine, July 1989, p. 12, published by the Association of the U.S. Army.

"Why History Will Honor Mr. Reagan," in The New York Times, Vol 138, Sec 4, p. E-27, Col 2.

"The Secrets of Success," in Black Collegian, Vol 18, No. 4, March 1988, p. 100.

"American Foreign Policy: Opportunities and Challenges," in Department of State Bulletin, Vol 88, No. 2139, October 1988, p. 51.

"U.S. Foreign Policy in a Time of Transition," in Department of State Bulletin, Vol 89, No. 2142, January 1989, p. 30.

"Economics and National Security: East-West Relations," in Vital Speeches of the Day, Vol 55, No. 7, p. 194.

"Why INF is Good For NATO," in American Legion Magazine, Vol 124, April 1988, p. 22.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Contained in Committee files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Upon recommendation by Secretary of Defense and personal knowledge of my qualification.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Thirty-one years of military service to include field duty and assignments as National Security Advisor, Deputy National Security Advisor and Military Assistant to three Deputy Secretaries of Defense and one Secretary of Defense.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Gen. Colin L. Powell, USA.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements).

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? Is so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

COLIN L. POWELL.

This 22nd day of August 1989.

[The nomination of Gen. Colin L. Powell, USA, was reported to the Senate by Senator Sam Nunn on September 20, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on September 21, 1989.]

NOMINATIONS OF JAMES R. LOCHER III TO BE ASSISTANT SECRETARY OF DEFENSE FOR SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT AND TERRENCE O'DONNELL TO BE GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

FRIDAY, OCTOBER 6, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 1:24 p.m. in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Levin, Kennedy, Glenn, Warner, Thurmond and Cohen.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Marie Fabrizio Dickinson, assistant chief clerk; Daniel G. Sakura, research assistant.

Professional staff members present: Richard D. Finn, Jr., John J. Hamre, David S. Lyles, Michael J. McCord, Norman G. Mosher and William H. Smith.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; George K. Johnson, Jr., George W. Lauffer, Durwood W. Ringo, Jr. and Mark B. Robinson, professional staff members.

Staff assistant present: Barbara L. Braucht.

Committee members' assistants present: William J. Lynn, assistant to Senator Kennedy; Milton D. Beach, assistant to Senator Glenn; Christopher K. Mellon, assistant to Senator Cohen; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The Armed Services Committee meets today to consider two important nominations for the Department of Defense: Mr. James Locher to serve as Assistant Secretary of Defense for Special Operations and Low Intensity Conflict and Mr. Terrence O'Donnell to be General Counsel of the Department of Defense.

I will introduce both of the nominees, briefly, and then we will have questions first for Mr. Locher and then for Mr. O'Donnell. On behalf of the committee, for which Jim Locher worked for 11 years, I want to extend a warm welcome to Jim for coming back today. I also want to recognize some of the members of his family who have joined us: his wife Norma and his son Jay. We are delighted to have both of you.

Jay is now, I understand, a Junior at Harvard. He worked in my office as an intern during the summer of 1988, and also I believe we have Jim's mother, Mrs. Dorothy Locher. We are delighted to have you.

The President has nominated Jim to a position of considerable importance to our national security and of significant interest in the Armed Services Committee.

In 1986, under the leadership of Senator Cohen, this committee played a key role in enacting into law comprehensive reforms in U.S. special operations and low intensity conflict capabilities. We were joined in that effort by the late Congressman Dan Daniel from the House Armed Services Committee who made a tremendous contribution.

One of the most important provisions of the 1986 legislation was the establishment of the position of Assistant Secretary of Defense for Special Operations and Low Intensity Conflict. We are fortunate the President has selected a person of the caliber of Jim Locher to take on the responsibilities of this position.

Jim has extensive academic training and professional experience in national security policy making. After graduating from the U.S. Military Academy, Jim worked as an analyst for several years in the Office of Program Analysis and Evaluation in the Defense Department.

In 1978, Jim joined the staff of the Senate Armed Services Committee as a professional staff member. In fact, as I recall, at Senator Stennis' request I recommended Jim for that job and Senator Stennis hired him anyway, so I was surprised and grateful.

During his 11 years of service to the committee, Jim demonstrated that he is a true professional by serving four different committee chairmen from both sides of the aisle. Senator Stennis, Senator Tower, Senator Goldwater and I all benefited from his service, his dedication and his expertise.

Although Jim worked on a wide variety of security issues, he was responsible for two staff efforts that bear directly on the position for which he was nominated. For 3 years, he directed the bipartisan staff that supported the committee's work on the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

I also note that one of our guests, who I believe is here today, Mr. Archie Barrett of the House Armed Services Committee, was a senior House staff member on that project. They worked very diligently together, and I must say that when the history is written of that act, the names Jim Locher and Archie Barrett will be right at the top of whoever writes that in terms of credit.

That same year, Jim assisted Senator Cohen and other members of the committee with the legislation mandating special operations and low intensity conflict reforms. After 1986, Jim supported the

Armed Services Committee's oversight of the implementation of these landmark laws.

In light of his outstanding experience and professionalism, Jim is clearly an excellent nominee for the position of Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

We will also consider today the nomination of Mr. Terrence O'Donnell to be the General Counsel of the Department of Defense. Mr. O'Donnell is accompanied by members of his family, including his wife Margaret. We are delighted to have you. Are there any other members here today?

Mr. O'DONNELL. They are in school, Mr. Chairman.

Chairman NUNN. They are in school? Good.

If confirmed, Mr. O'Donnell will become a senior member of Secretary Cheney's team at a time that the Department faces a number of formidable challenges. The General Counsel will be confronted with difficult legal issues and it will be his responsibility to ensure that the activities of the Department of Defense are conducted in accordance with the letter, as well as the spirit of the law.

Dean Rusk once described his legal advisor as the conscience of the Secretary of State, and I believe those words go right to the heart of the very awesome responsibilities that the General Counsel has.

The General Counsel must perform the same function for the Secretary of Defense that Dean Rusk was describing for the State Department legal advisor.

The nominee, who has an excellent background in both the public and private sector is well prepared for this task. He graduated from the Air Force Academy, served in Vietnam, worked on the White House staff under President Ford and currently is a partner with the law firm of Williams & Connolly.

Both Mr. Locher and Mr. O'Donnell have submitted written answers to the advance questions that I sent them on the responsibilities of their positions. These answers were made available to the committee members as soon as they were received. If there is no objection, the nominees' submissions and their biographical data will be made a part of the record.

[The information referred to follows the hearing record.]

Chairman NUNN. Senator Warner will be here, I am sure, in a few minutes. Senator Thurmond, do you have opening remarks?

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Chairman, I would like to join you and the members of the committee in welcoming Mr. James Locher as the President's nominee for the position of Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, and Mr. Terrence O'Donnell, who is nominated to be the General Counsel of the Department of Defense.

Mr. Locher and Mr. O'Donnell have outstanding credentials and in my judgment are fully qualified for the positions to which they have been nominated.

Mr. Locher, I want to especially recognize you for your exceptional service as a professional staff member of the Senate Armed Services Committee. As I recall, you were instrumental in preparing the legislation which established the office for which you have been nominated. I am sure you did not do it on the grounds that you expected to be appointed. [Laughter.]

Chairman NUNN. He has a lot of foresight, Senator Thurmond. [Laughter.]

Senator THURMOND. I am sure you will live up to our expectations.

I want to say, too, Mr. Chairman, that I have served with a lot of staff members here in the Senate over 35 years. Jim Locher is one of the ablest staff members I have had the pleasure of serving with. He has a good temperament, too, in dealing with people. He knows how to get along with people and in my opinion he will be a success.

Mr. O'Donnell, I have had the opportunity to review your resume. Your 6 years of service in the Air Force, 5 years as Special Assistant to the President, and almost 13 years in private practice, are enviable experiences to the General Counsel of the Department of Defense.

I want to congratulate you on your nomination. I feel sure you will do a fine job there.

Mr. Chairman, I would like to go on record as indicating my support for both of these nominees.

Chairman NUNN. Thank you, Senator Thurmond. Senator Cohen.

Senator COHEN. Mr. Chairman, just briefly, I think Jim Locher has been a good soldier, a good staff member and I believe he will be a good Secretary. He has also been a personal friend of mine.

I was going to object to his nomination on two grounds after listening to your opening statement: Number one, you have a conflict of interest with his son having worked for you; and second, because Jim was very, very instrumental in helping to create this office himself and now he is going to preside over it, so we may have the appearance of a conflict of interest, but the man is well qualified.

Chairman NUNN. I am sure Jay will have gotten rid of all of his influence that we had on him by 1 year at Harvard. I am sure that will eliminate it. [Laughter.]

Senator COHEN. I welcome both of you nominees here and look forward to hearing your testimony.

Chairman NUNN. Thank you, Senator Cohen. Do either of you have opening statements? We would welcome opening statements.

Jim, do you have one, or Mr. O'Donnell?

STATEMENT OF JAMES R. LOCHER III, ASSISTANT SECRETARY OF DEFENSE-DESIGNATE

Mr. LOCHER. Mr. Chairman, I do have an opening statement that I would like to present.

Chairman NUNN. All right.

Mr. LOCHER. Mr. Chairman, Senator Thurmond, Senator Cohen, it is an honor to appear before you today as President Bush's nominee for the position of Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

I was also honored by the strong support for my nomination from Secretary Cheney and members of this committee. It is also a pleasure, Mr. Chairman, to appear before the committee which I served for the past 11 years.

Should the Senate provide its advice and consent to my nomination, I will assume responsibilities for the overall supervision of the special operations and low intensity conflict activities of the Department of Defense at a critical time.

It should be clear by now, Mr. Chairman that threats from terrorism, insurgencies, narco-trafficking and other forms of instability, especially in the Third World, will become more serious and demand greater attention from the U.S. Government.

The legislation enacted in 1986 to reform special operations and low intensity conflict policies, programs and capabilities, properly referred to as the Cohen-Nunn amendment, provides an extremely useful framework for meeting these future threats and challenges.

The philosophical underpinnings and specific provisions of the 1986 legislation remain valid. It provides an interagency coordinating mechanism, sound organizations for both the policy making and operating levels of the Department of Defense, and effective means for resourcing special operations forces.

The executive branch is still working to realize the potential of the 1986 legislation. Initial bureaucratic resistance to change in the Defense Department has dissipated and has been replaced by the full support of Secretary Cheney and Deputy Secretary Atwood.

The U.S. Special Operations Command is fully established and an effective process for the command to carry out its budget development and execution responsibilities has been formulated.

Moreover, much of the modernization of special operations forces initiated during the Reagan administration has been completed or is in the pipeline. I hope that the full potential of the legislation's provisions for the National Security Council's Low Intensity Conflict Board and for the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict will also be realized.

Although considerable work has been done by subordinate groups, the NSC board has yet to meet. Recently, however, the NSC staff and interested agencies, including the Department of Defense, have given high priority to structuring, supporting and formulating an agenda for the Low Intensity Conflict Board.

Since the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict was established in the Pentagon nearly 3 years ago, it has been in an extended period of transition. Although the office has made a number of significant contributions, it is still in the process of becoming fully integrated into the Defense Department's way of doing business.

Should I become confirmed, my initial priority task with your support and that of Secretaries Cheney and Atwood, will be to fully establish an office capable of carrying out the important duties prescribed by law.

In discussing recent progress, it is important to note, Mr. Chairman, three fundamental challenges associated with revitalizing U.S. special operations and low intensity conflict capabilities.

First, we must heighten awareness and understanding of special operations and low intensity conflict within the Department of Defense, other Federal agencies and the Congress, as well as among the American people.

Second, we must ensure that specialized expertise on special operations and low intensity conflict is an integral part of Defense Department deliberations, and lastly we must develop an effective and efficient process for interagency coordination of special operations and low intensity conflict activities.

Overcoming these challenges is essential to sustaining the support we need to develop and maintain special operations and low intensity conflict capabilities and integrating those capabilities fully with the other elements of our national power.

Mr. Chairman, I welcome this committee's strong support and interest and pledge my full cooperation as we address these challenges and other important issues of mutual concern.

Chairman NUNN. Thank you very much, Mr. Locher. Mr. O'Donnell.

STATEMENT OF TERRENCE O'DONNELL, GENERAL COUNSEL-DESIGNATE, DEPARTMENT OF DEFENSE

Mr. O'DONNELL. Mr. Chairman, I have a brief statement, if I might.

Chairman NUNN. Certainly.

Mr. O'DONNELL. Mr. Chairman and members of the committee, it is a great honor to appear before you today and I thank you for taking the time during this period of enormous committee activity to schedule this hearing.

Having grown up in a military family, I graduated from the Air Force Academy and served 6 years in the Air Force, 5 years at the White House, half of which was with Secretary Cheney when he was Chief of Staff there, 5 years in the Air Force Reserves and 6 years on the Air Force Academy Board of Visitors, where I had the privilege of serving with some of the members of this committee.

I have been close to the military and the Defense Department in one capacity or another, it seems for all my life. Over these years I have developed the highest regard for the talent and dedication of the men and women of the armed services and I look forward, if confirmed, to the special privilege of again working with them and for them for an even better defense establishment. Nothing could be more important to our country.

From a lawyer's perspective, the legal challenges at the Department are immense.

I am determined to devote all of my energies to the task and do everything that I can to live up to the special honor, trust and confidence reposed in me.

I am grateful to the President and the Secretary for giving me the chance to serve.

I thank the committee and its staff for the courtesies extended to me and my family, and I would be happy to answer any questions that the chairman or the members of the committee might have.

Chairman NUNN. Thank you, Mr. O'Donnell. I just have a couple of questions for you.

You know, we have the "Ill Wind" investigation going on. It is going to have a major impact in terms of the overall public perception of the integrity of Department of Defense contractors and so forth. What do you know about the general policy scenes and what do you believe your responsibility will be as the facts unfold and as the criminal part of it is completed?

Mr. O'DONNELL. Mr. Chairman, as a lawyer in private practice, I have followed "Ill Wind" very carefully.

I am aware that there have been, by plea or by trial conviction, over 20 convictions to date.

It is a very serious matter. It threatens the perception of the defense procurement process and the integrity of that process and, therefore, strikes at the heart of a good working procurement system, and it strikes at the heart of the Defense Department's integrity as well.

There are a few bad apples in any system, and I believe and hope that the extent of the misdeeds and misconduct in connection with "Ill Wind" are confined to a relatively small number of people within the Department or who have been in the Department.

There is also culpability in the area of contractor deportment. I intend to expend a great deal of energy looking at the ethical responsibilities of the Department, particularly in training, to make sure that our employees are aware of their obligations and their commitments to the ethical standards of the Department imposed by regulation and by statute and also work, as outlined in the Secretary's management study, to foster the hope that industry voluntarily undertakes greater responsibility for internal codes of ethics, for self-reporting and the like.

I view the "Ill Wind" developments as serious and take that responsibility very seriously.

Chairman NUNN. Thank you.

Mr. Locher, you will be in charge of an awful lot going on over there and, of course, as I mentioned, Senator Cohen has been an outstanding leader in getting this leadership set up.

I have assisted him from time to time and been a co-author. Based on your experience—and you alluded to this in your opening statement—how do we stand now compared to a couple of years ago in terms of the attitudes in the building toward the restructuring of special operations and the forms that now are on the books?

Are you going to run into an awful lot of resistance or do you think it is going to be smooth sailing?

Mr. LOCHER. Well, Mr. Chairman, I do not believe it will be smooth sailing, but I think that the opposition that had been experienced immediately after the legislation was passed has for the most part dissipated.

In my discussions with both Secretary Cheney and Deputy Secretary Atwood they indicated their view that the areas I will have responsibility for are very important, that our problems in those areas are serious, and that it is their expectation that these problems will be more serious in the future.

So, from the top of the Department of Defense, I think we are going to see strong support.

Elsewhere in the Department of Defense there continues to be some opposition to implementing the legislation.

Part of that is that in many of these areas we need to have a number of different perspectives that need to be brought to bear, and we are now struggling to develop mechanisms both of coordination and cooperation to make certain that the perspectives represented by the special operations and low intensity conflict community are fully integrated.

Chairman NUNN. Shifting to another subject, we have a major effort against drugs that has been initiated. In spite of all of the focus now on Panama, for understandable reasons, the Andean countries are where the action is, it is where the cocaine is coming from.

If we removed Noriega tomorrow, it would make us all feel better, or if he is removed is a better way to word it. But, if that happens, it is probably not going to make even one dent in the cocaine coming into this country.

That gets to the question. What is your view, Mr. Locher, about the proper role of U.S. Special Operations Forces in these Andean countries under the Bush plan? Have you had a chance to study his plan and the role of the special operations forces?

Mr. LOCHER. Yes, sir. I have had a chance to study both the President's strategy and some of the thoughts as to how our Special Operations capabilities could contribute to that strategy.

Basically, what is intended is that our Special Operations Forces will play a major role in terms of training and providing other assistance to forces in the three Andean countries which are the focus of the strategy.

I think our Special Forces have been playing a major role in terms of training in Latin America. So, this is a very natural role for them in the kinds of capabilities and expertise that they have which are needed in those countries. And so, I think the strategy the President has identified and the role of Special Operations Forces is appropriate.

Chairman NUNN. Thank you. Can we count on you to help implement the Goldwater-Nichols Reorganization Act in your new position? [Laughter.]

Mr. LOCHER. Yes, sir, you can.

Chairman NUNN. First, have you read it? [Laughter.]

Senator Warner.

Senator WARNER. Mr. Chairman, I have had the privilege of knowing both of these outstanding nominees and worked with them in various ways over a number of years.

Jim, I would simply say to you in all seriousness, that right behind the Secretary of Defense and the procurement czar, you will have the next most challenging position in the Department of Defense.

You are working against a residual momentum in the opposite direction, which is understandable in the services.

As you acquire the assets and the manpower needed to peform the assigments that your section has a direct responsibility for and, second, as I view the troublesome spots in the world and indeed the threat against the United States, fortunately most of them will be limited in action. And more than likely should the United States become directly involved, it will involve forces which are within your sphere of responsibility, so we wish you good luck.

Mr. LOCHER. Thank you, sir.

Senator WARNER. To you, Mr. O'Donnell, we had the privilege of working together on the Vietnam Veterans' Memorial. I think you made a very significant contribution. It was borne out of adversity, but I think that created its greatness, and I wish you well in your assignment.

Mr. O'**Donnell**. Thank you, Senator.

Senator **Warner**. Thank you, Mr. Chairman.

Senator **Glenn** [presiding]. I guess I am next. Welcome back, would be the first thing to say.

Mr. **Locher**. Thank you, sir.

Senator **Glenn**. Jim, Secretary Cheney has stated we have some decisions to be made on the V-22 in conference with the House and the Senate right now. Defense authorizations are very troubling to us.

Secretary Cheney terminated the V-22, the Osprey that we have supported over here for some 9 years, not just because it is a marine ship-to-shore vehicle to be canceled on that narrow basis, but we have looked on the V-22 to fly twice as far, twice as fast, and carry more payload for the whole spectrum of things that helicopters do, not just a narrow ship-to-shore amphibious assault mission.

Now, General Lindsay, who is Commander of the Special Forces, testified before this committee earlier this year that the V-22 is one of his very highest priorities, and I can see how he would feel that way. Specifically, I feel the same way. Were I in his command position, I would feel—I will not ask you to go against the Secretary of Defense right now at this particular point. I think that would be a little bit premature, but I would ask your commitment to thoroughly review the Joint Services Special Operations requirements for the V-22 with emphasis on the potential for SOF needs, for Special Operations needs.

I think that is one of the uses for it, and I think the role that you are going into is a critical role. I think what Senator Warner said is correct. I think the likelihood of a great World War III breaking out with hundreds of thousands of people tramping off across Europe or wherever they might go is unlikely.

But I think the likelihood of requiring Special Operations Forces in many places is very, very much to the fore. I hope we have your commitment to review the V-22 program and get back to us with some of your assessments. I would also like any comment you would want to make on it right now. In support, obviously. [Laughter.]

Mr. **Locher**. Senator Glenn, I would be happy to get back to you and give this area a high priority with our thoughts.

[The information follows:]

NOTE: Mr. Locher will discuss SOF long-range infiltration and exfiltration requirements privately at Senator Glenn's convenience.

Mr. **Locher**. As you know, the Special Operations Forces were to get a very small number relative to the Marine Corps procurement of the V-22, and that was going to be at the end of the procurement.

General Lindsay talked about a capability that we need in the Special Operations Forces world, and I would like to give it some study and be back to you at an early time with our thoughts.

Senator **Glenn**. Fine. We welcome that. We would welcome discussing with you formally or informally, whatever you want to do, but we would appreciate it soon. As you know, we are in the middle of this whole V-22 thing right now.

I read in your prepared testimony that you sent back to the committee your comments about the Marine role in special operations and low-intensity conflict. It is a good statement. Your answers were very good.

I have a little bias in this area, as you may recall, having spent time in the Marine Corps, some 23 years. So, I am not without my biases, and I admit those going in.

But I have always felt that when we get into this area, low intensity conflict, you may need all kinds of arms in there.

Some elements of the Marine Corps are on a 24-hour alert. That is just permanent. The Marine Corps has one thing: it is a ready force, and it has all the elements of supporting arms in it, artillery tanks, the whole combat arms including air—everything. They are used to working together, and it is almost built as a special force.

I think some of the other services—not to denigrate their efforts whatever they are—but some of the Special Forces of other services are set up I will not say in jealousy to the Marine Corps and their special capabilities in these areas, but I would not deny that some of that led to the development of Special Forces in some of the other services, too.

So, I would just commend a very close review of the Marine Corps. I have talked to General Gray. They feel that they are very capable of performing almost any Special Forces mission, and they have all the elements of all the arms. They have transport, helicopter support, fighter support, all kinds of support, artillery, mortars, the whole thing. You do not have to congregate people to go do something. You give them an order, and they are ready to go, and that is the mission of the Marine Corps.

If they every lose that, then there is no reason for having a Marine Corps, and that is sort of the definition of a special force. A force that is ready to go with all elements that you may need. So, I guess that is more a commercial than a question, but I commend that review even beyond what you had in your answer to our questions here because I think we have a special force already built and it is called the Marine Corps.

Mr. LOCHER. Senator Glenn, I agree with you. The Marine Corps has substantial capabilities that can contribute to special operations and low intensity conflict.

I have had several discussions with General Gray. He has been one of our biggest supporters in the Department of Defense in terms of implementing the reform legislation, and we have agreed that we will work closely in identifying the Marine Corps contribution in these areas.

Senator GLENN. And, as you pointed out in your answers here, they have taken the initiative in forming some even more special forces within the Marine Corps specifically designed for just the kind of thing you are talking about.

I think that is good. I am glad that they have taken that kind of initiative.

Senator Thurmond, I believe you are next.

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Locher, I have heard the term low intensity conflict applied in numerous ways. It has gotten to the point that I am not too sure what the term means.

Would you please give me your definition of low intensity conflict?

Mr. **Locher**. Okay. Senator Thurmond, one problem with the term low intensity conflict is that it is not a very precise term, and it ends up meaning a lot of things to different people.

The people who are engaged in one of these low intensity conflicts probably do not feel like it is low intensity, given the level of combat that can be involved.

Senator **Warner**. That is for sure.

Mr. **Locher**. Basically, the term low intensity conflict attempts to describe an environment, one in which the focus is not so much on territory as it is on people, and one in which the application of conventional military power normally does not produce benefits and often can detract from our objectives.

When we talk about low intensity conflict, we are basically talking about terrorism, insurgency, peace-keeping operations and selected peacetime contingency operations where we would not use conventional military power.

But, it basically describes an environment which is different from the normal conventional military environment.

Senator **Thurmond**. Thank you very much. I have some other questions here, but to save time I will just let you answer them for the record. Is that agreeable to you?

Mr. **Locher**. Yes, it is.

Senator **Thurmond**. I want to say that Senator Warner and Senator Glenn raise the point that we may not have a big war, but we may have conflicts of a lesser nature and similar special assignments.

You may be given an assignment to go after terrorists. That is a very important task. You may even be given an assignment to go after Qadhafi. That would be an important task or to go after Noriega, and that would be an important task.

And I am sure if you are called upon, you will do what you ought to do. Thank you.

Mr. **Locher**. Thank you sir.

Senator **Cohen**. Just to calm the apprehensions of Jim's mother——

[General laughter.]

I do not think that Senator Thurmond is saying that your son is going to go after them. I noticed that there was some flutter there, in the back.

Senator **Thurmond**. May I ask one more question?

Senator **Cohen**. Of course.

Senator **Thurmond**. Mr. O'Donnell, I forgot to ask you one question. In your response to the advance question on what your top priorities will be if confirmed, you state, and I quote, "The Department of Defense support of civilian law enforcement agencies in the drug interdiction effort would require careful attention."

Would you explain what you consider some of the legal issues involved in the Department's support of the drug interdiction effort?

Mr. O'DONNELL. Certainly, Senator. I think it is a question of how far we can go and under what circumstances. We want to implement a legislative intent of Congress and the President's intent to interdict these drugs that are causing this terrible crisis in the United States, and we have to do it without violating the sovereignty of other nations and we have to do it consistent with the law. I view the General Counsel's job in that context as to do everything possible, legally, to facilitate the policy so that we can get it done and get it done effectively.

I am not familiar at this point with the specific operations that will be mounted and what the legal consequences will be.

Senator THURMOND. Thank you very much. I have a few more questions here, and in order to save time I will let you answer them for the record.

Mr. O'DONNELL. That will be fine, Senator.

Senator THURMOND [presiding]. I wish you both well in your new undertaking.

Mr. LOCHER. Thank you sir.

Mr. O'DONNELL. Thank you, sir.

Senator THURMOND. Senator Cohen.

Senator COHEN. Mr. Locher, can you tell me why the LIC Board has never met? What is your assessment?

Mr. LOCHER. Senator Cohen, the basic problem in terms of getting the LIC Board organized is the fact that currently within the National Security Council system almost everything is done on a regional basis, and as we have looked for mechanisms to bring both that regional perspective and the functional perspective that would be represented by the LIC Board to bear, it has been difficult to structure that in the interagency process to form a consensus.

I think that has been the major stumbling block. There has also been a need to educate members of the interagency community on the importance of low intensity conflict and I think that was——

Senator COHEN. Where does that leadership come from? Who is going to make that aspect of it work?

Mr. LOCHER. That leadership is going to have to come from the Assistant to the President for National Security Affairs, and, as I mentioned, recently there has been sustained interest, high-level interest, in making the LIC Board work and in creating subordinate working groups to support the LIC Board.

Senator COHEN. I think you have indicated that there is a new spirit within the Defense Department toward low intensity conflict as far as organizational support, so the spirit may now be willing. I guess the question is, is the body weak? It has been weak for one reason. We have not had an Assistant Secretary there in the last several months, I guess—a full Secretary with powers.

Also, what about the staff? Have you got enough staff? We are going into a period of declining budgets. There is going to be tremendous competition for slices of the Defense budget to fund the V-22, the B-2, the strategic budget, manpower.

Given the historical resistance to shifting the focus to low intensity conflict for a variety of reasons, what is going to happen in terms of the adequacy of your budget and staff?

Mr. LOCHER. Senator Cohen, at this time, the Special Operations and Low Intensity Conflict Office is not fully manned. It has never been fully manned, nor fully structured. If I am confirmed, one of my first tasks will be to go to Secretary Cheney and Deputy Secretary Atwood and explain to them exactly which of our responsibilities we are not now able to carry out due to a lack of manpower resources and indicate to them what we need to fully man the office.

Senator COHEN. Well, you know, over the years we keep hearing the same thing. For years now, we have said the most likely threat is not a nuclear exchange, or indeed a major conflict between the Soviet Union and the United States, but low intensity conflict—terrorism, insurgencies and so forth—and yet every study done has indicated that this is the most likely threat and the one we are the least capable of dealing with.

What is it going to take to change the prevailing attitude within a vast bureaucracy?

Mr. LOCHER. Well, Senator Cohen, to a great extent it will be my responsibility to bring about those changes in attitude, but I will also have to have the full support of Secretary Cheney and Deputy Secretary Atwood, and I will need to develop a relationship with General Powell, the Chairman of the Joint Chiefs of Staff.

As I have indicated, I think I will have that support. They have promised that support in my discussions with them, but it is going to take a major education and information campaign not only in the Department of Defense, but elsewhere in the Federal Government.

Senator COHEN. There was a study done I think back in 1986 by the RAND Corporation. It dealt with U.S. defensive responses requiring greater policy emphasis and operational improvement.

There were a number of things that the study concentrated on: strengthening Third World military security forces, providing security assistance to Third World states, improving U.S. and Third World intelligence capabilities, managing crises to prevent hostile takeovers, and conducting a sustained defense against covert aggression. Do you share those views, as contained in that RAND study?

Mr. LOCHER. Yes, sir. I am familiar with that RAND study. I think it is very well done, and I do share the recommendations that they make in the study as to what we need to be doing in the low intensity conflict area.

Senator COHEN. One area you have not discussed yet is intelligence. We have heard lots of complaints, I think justifiably, from General Gorman and Bob Gates, and your immediate predecessor, in stressing the importance of intelligence in dealing with terrorism, insurgency and related problems. Would you place a similar emphasis on intelligence and in counter-narcotic operations as well?

Mr. LOCHER. Yes sir, I would. In both special operations and low intensity conflict, intelligence is one of our most important resources. If I am confirmed in this position, it is my intention to give that high priority, to create a directorate within the office for intelligence support to begin working to change some of the priorities in the intelligence community.

Senator COHEN. Would you be willing to give us a written report several months from now, detailing what you think has to be done and what is being done in that respect?

Mr. LOCHER. I would be happy to do that, sir.

[The information referred to follows:]

NOTE: Mr. Locher will forward a report on special operations and low-intensity conflict intelligence requirements to the committee by April 6, 1990.

Senator COHEN. Not to contradict Senator Glenn about the importance of the Marine Corps—I wish we had televised that, frankly, and put it on the air. It would be a great recruitment spot. But the Marine Corps should not be confused with a special operations unit, per se. They overlap.

I am told, for example, there are some new special operation-capable forces which are carved out from your jurisdiction. Those would not come under the Special Forces Command. They would remain under the command of the Marine Corps itself.

So I think there are a number of other little satellite groups that we have to deal with, and that is something that I hope you will take a look at in the future in terms of the need to bring various groups under your jurisdiction.

Mr. LOCHER. Senator Cohen, if I might respond to that: I have talked to both General Lindsay and General Gray. This Marine Expeditionary Unit (Special Operations Capable) is an important improvement by the Marine Corps, but it is not to substitute for some of our dedicated, sophisticated special operations forces and we have agreed that all parties should understand both the capabilities and the limitations of those MEU(SOC)s.

Senator COHEN. Mr. O'Donnell, you are going to be spared from any questioning from me because I'm going to go vote, but I intend to vote for both you and Jim. I am sure you will do a great job.

Mr. O'DONNELL. Thank you, Senator.

Senator KENNEDY [presiding]. I wanted to just extend my own personal congratulations to Jim Locher and say welcome back to the committee, as I as sure my other colleagues have. I think we are fortunate in the service of our country to have his good services. We certainly appreciate all of the help that he has provided all of the members over these many, many years. I congratulate him and look forward to working with him. Mr. O'Donnell, we congratulate you, as well.

I will recess the hearing. Thank you very much.

Mr. O'DONNELL. Thank you very much.

Mr. LOCHER. Thank you very much.

[Whereupon, at 2:05 p.m., the hearing was recessed.]

[Prepared questions submitted to James R. Locher III by Senator Nunn prior to the hearing with answers supplied follow:]

SEPTEMBER 25, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As requested in your letter of September 6, 1989, enclosed are my answers to the defense policy questions that you posed.

I look forward to discussing these and other important issues with you and other Committee Members during the hearing on my nomination to be Assistant Secretary of Defense for Special Operations and Low Intensity Conflict.

Sincerely,

JAMES R. LOCHER III.

Enclosure.

1. MOST SERIOUS PROBLEMS

Question. Given the extensive work you have performed on special operations and low intensity conflict and your knowledge in this area, what do you consider to be the most serious problems in the management and implementation of this function in the Department of Defense? What management activities or other initiatives would you undertake to address these problems?

Answer. The National Defense Authorization Act for Fiscal Year 1987 and subsequent legislation provide a sound institutional basis for addressing special operations (SO) and low intensity conflict (LIC) matters, particularly within the Department of Defense. The challenge now is to build on this foundation to integrate SO and LIC fully into our national security structure. To do this, we must heighten awareness and understanding of SO and LIC within the Department of Defense, other Federal agencies, and the Congress, as well as among the American people. Such an understanding is essential to sustaining the support we need to develop and maintain SO and LIC capabilities and integrating those capabilities fully with the other elements of national power.

We must also ensure that the specialized, mission-oriented expertise that resides in the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (OASD(SO/LIC)) is an integral part of Defense Department deliberations. The task here is to integrate those capabilities into a system in which numerous other perspectives, both functional and regional, must be considered. This is a matter of ensuring balance among competing perspectives and priorities.

External to the Department of Defense, we must integrate SO and LIC fully and effectively into what is, by the nature of bureaucracies, a difficult interagency process. Here again, we must balance competing perspectives and priorities, but we must also adopt a truly coherent and coordinated interagency approach.

2. GOLDWATER-NICHOLS ACT

Question. As you know, the Senate Armed Services Committee has a deep interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 throughout the Department of Defense. Are you committed to the complete and effective implementation of the Goldwater-Nichols Act in both the special operations and low intensity conflict areas and throughout the Defense Department?

Answer. I am fully committed to the complete and effective implementation of the Goldwater-Nichols Act and the special operations and low intensity conflict reforms mandated by the Congress. Experience has validated the utility of these important defense reorganization and reform initiatives. Progress in implementing these provisions has been substantial; certain capabilities, processes, and procedures, however, will take time to develop and refine.

3. DEFENSE MANAGEMENT REVIEW

Question. In addition to the Goldwater-Nichols Act, the recently completed Defense Management Review, which is mainly concerned with the implementation of the Packard Commission recommendations, will have a significant effect on the Department of Defense. Do you fully support implementation of the Packard Commission recommendations and the initiatives of the Defense Management Review?

Answer. I fully support implementation of the Packard Commission recommendations and the initiatives of the Defense Management Report and share the commitment of Secretary Cheney and Deputy Secretary Atwood to strengthening and streamlining defense management. A streamlined defense effort that helps us acquire needed weapons systems at lower cost, in less time, and with greater assurance of promised performance, is bound to benefit SO and LIC programs.

4. SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT REFORMS

Question. The National Defense Authorization Act for Fiscal Year 1987 and subsequent defense authorization acts mandated wide-ranging reforms in the organiza-

tion, management, and operation of defense resources for special operations and low intensity conflicts. Do you support the full implementation of these reforms? At what point in the process of implementation do you judge the Defense Department and the rest of the Executive Branch to be at this time? What are the remaining obstacles to full implementation, and how do you intend to overcome them?

Answer. I fully support the statutory SO and LIC reforms. With regard to the current state of implementation, I believe we have made considerable progress, but we have a great deal of work remaining to realize the full potential of the reforms. With regard to the key provisions of the legislation:

The Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict has been in an extended period of transition since 1986. I have addressed the status of the office in detail in my answer to Question 5.

The U.S. Special Operations Command is fully constituted.

Major Force Program 11 is fully established. Only minor adjustments to the composition of the program remain.

USCINCSOC's program and budget authority is on track, with work proceeding toward submission of the first Program Objectives Memorandum for Fiscal Years 1992-1997.

I have addressed many of the obstacles to, and other steps needed for, full implementation in my answers to Questions 1 and 5.

5. POSITION OF ASSISTANT SECRETARY OF DEFENSE FOR SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT

Question. The 1987 Defense Authorization Act created the position for which you have been nominated. The Act specified that the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict is to "have as his principal duty the overall supervision (including oversight of policy and resources) of special operations activities . . . and low intensity conflict activities of the Department of Defense." If you are confirmed by the Senate, will you have all of the authority necessary to carry out this duty? What practical problems still exist that hamper the full and effective performance of this duty by the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict? What other duties, if any, will you be assigned by the Secretary of Defense and the Under Secretary of Defense for Policy? What are the organizational relationships between the position for which you have been nominated and the rest of the Office of the Secretary of Defense and the Joint Chiefs of Staff?

Answer. If I am confirmed as Assistant Secretary, I will have the authority needed to exercise the position's supervisory duty. That authority is defined by law, and the Assistant Secretary's charter, DOD Directive 5138.3, contains additional provisions specifying responsibilities and relationships. Of equal importance is the strong support Secretary Cheney, Deputy Secretary Atwood, and Under Secretary Wolfowitz have given to the work of the office.

As a result of that support, I believe we will be able to move swiftly to establish an effective SO/LIC organization—one that is not in business simply to chop paperwork, but rather to oversee policies and resources in areas critical to U.S. interests in a changing world. With the uncertainties and potential shifts in strategic relationships among the major powers, and with an explosion of new military and economic technologies throughout the Third World, SO/LIC's mission is obviously urgent to national security. The U.S. response to low intensity conflict is, notably, a defense of democracy and its fundamental assumptions—governments by ballot and not by bullet; systems of justice resting on individual rights and the rule of law; societies where economic freedom and opportunity promote growth and security. All these foundations of democracy are attacked by those who engage in low intensity conflict, whether they be terrorists or narco-traffickers or anti-democratic insurgents. As the attack is complex, so must be our response—a flexible strategy of peacetime engagement, in which the United States uses its power, as appropriate, to provide the economic, humanitarian and security assistance required to help stablize and protect democracies under siege. As part of such an effective response, we need to ensure that when necessary to meet violent threats to U.S. lives, interests and security, Special Operations Forces are given equal consideration as one of the many arrows in the United States' quiver of forces.

With regard to other duties, Secretary Cheney, Deputy Secretary Atwood, and Secretary Wolfowitz have indicated their intention to task me to assist their efforts to further implement the Goldwater-Nichols Department of Defense Reorganization Act of 1986. Additionally, Under Secretary Wolfowitz has assigned the Assistant

Secretary overall responsibility within his office for initiatives related to Professional Military Education.

Because of the unusually broad scope of the responsibilities assigned to the Assistant Secretary, organizational relationships are both wide-ranging and complex. For example, SO/LIC's mission perspective coincides with the regional perspectives of the Assistant Secretaries for International Security Affairs and International Security Policy in every region of the world. Because of the critical role of security assistance in low intensity conflict, SO/LIC has a compelling interest in many of the activities of the Defense Security Assistance Agency. Because of unique responsibilities related to USCINCSOC's program, budget, and acquisition authorities, SO/LIC has a similar interest in initiatives undertaken by the Under Secretary of Defense for Acquisition, the Assistant Secretary for Program Analysis and Evaluation, and the DOD Comptroller. Similarly, the office has cognizance over issues ranging from the application of technology to manpower and personnel readiness to the full integration of the Reserve Components for which other offices in the Office of the Secretary of Defense have primary responsibility. Integrating SO/LIC's specialized, mission-oriented expertise into the Defense Department's work thus requires a high degree of coordination and cooperation. If confirmed, one of my first tasks will be to complete development of appropriate mechanisms governing these relationships.

6. U.S. SPECIAL OPERATIONS COMMAND

Question. The 1987 Defense Authorization Act and subsequent defense authorization acts directed the President to establish a unified combatant command for special operations forces and specified the authority and responsibilities of its commander. What is your assessment of the extent to which the laws governing this new unified command have been implemented? Which areas of implementation still require further attention and work? What is the nature of the relationship between the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict and the U.S. Special Operations Command?

Answer. The laws concerning the U.S. Special Operations Command have been nearly fully implemented. USCINCSOC is working to complete the implementation process. Two high priority projects are developing capabilities to execute USCINCSOC's program and budget authority and to integrate Guard and Reserve SOF forces into the U.S. Special Operations Command.

The relationship between the Office of the ASD(SO/LIC) and the U.S. Special Operations Command (USSOCOM) is a complex one which I am confident will be defined more precisely as both organizations mature. The need for precision exists because (1) USSOCOM is a unique unified command with administrative responsibilities, especially training and equipping, normally associated with a Military Department; and (2) as with other organizations in DoD, both civilian and military officials are assigned oversight responsibilities that affect the unified command.

7. MAJOR FORCE PROGRAM-11

Question. In January 1989, former Deputy Secretary of Defense Taft directed that the Commander in Chief of the U.S. Special Operations Command be assigned full program/budget responsibilities for Major Force Program 11 (MFP-11) beginning with the budget cycle for fiscal years 1992-1997. Furthermore, Secretary Taft announced that the Commander in Chief is to be given budget execution responsibilities for selected MFP-11 programs in October 1990 and for all of MFP-11 in October 1991. Do you agree with these decisions by Secretary Taft? What is the status of their implementation? What additional management activities and resources are necessary to fully and effectively implement these decisions? What can be done to ensure that special operations forces receive the equipment that they need in a timely fashion?

Answer. Former Secretary Taft's decisions assigning full program and budget responsibilities to the Commander in Chief, U.S. Special Operations Command (USCINCSOC) are being fully implemented. USCINCSOC plans to assume budget execution responsibilities for a portion of the U.S. Air Force Operations and Maintenance MFP-11 program beginning on October 1, 1990. Additionally, USCINCSOC will exercise his program and budget responsibilities fully during the Planning, Programming, and Budgeting (PPB) cycle by developing a FY 1992-1997 Program Objectives Memorandum (POM) for submission to OSD next April and by submitting a budget proposal next fall for fiscal year 1992-1993.

To execute these responsibilities, USCINCSOC is working with the Military Departments to develop Memoranda of Agreement (MOA) that will outline specific procedures and responsibilities during program and budget preparation and execution. OASD (SO/LIC) is developing overall program and budget guidance for the development of these MOAs. USCINCSOC has also been working to develop resource capabilities, procedures, and processes to ensure that the activities associated with developing a program and budget adhere to sound management practices.

As you know, USCINCSOC has been given authority to act as Head of Agency to allow the Command to pursue development and acquisition of SOF-unique equipment. The Command has the authority, assuming funds are available, to acquire needed equipment in a timely manner.

8. LOW INTENSITY CONFLICT

Question. For many years, the Senate Armed Services Committee has been deeply concerned about low intensity conflict threats to U.S. interests? What do you consider to be the major low intensity conflict threats to U.S. interests? What is your assessment of U.S. capabilities to effectively assist allies and friends in their efforts to combat low intensity conflict threats? Specifically, what are your assessments of the counterinsurgency efforts in the Philippines and El Salvador and the effectiveness of U.S. assistance? To your knowledge, do the regional offices in the Office of the Assistant Secretary of Defense for International Security Affairs give sufficient attention to the unique nature of the low intensity conflict environment in formulating their policy recommendations?

Answer. One of the ASD(SO/LIC)'s primary duties is to be the principal adviser to the Secretary and Deputy Secretary of Defense on low intensity conflict (LIC) matters. The major LIC threats to U.S. national interests come from terrorism, insurgency, and narcotrafficking. Each one of these threats imperils democratic ideals, flouts the rule of law and respect for human rights, and subverts friendly governments.

Our response demands a cooperative effort from all government agencies as well as the Congress and the American people. At our disposal we have a variety of tools to address low intensity conflict that include economic, political, informational and military instruments of national power. The preferred military approach is indirect, through security assistance. This places particular emphasis on our ability to provide appropriate equipment and training sustained by consistent policies. Our current efforts to tackle the LIC challenge will be assisted by comprehensive interagency coordination at the national level. By the same token, stable and more appropriate levels of funding for security assistance would advance our interest in strengthening friendly nations faced with threatening LIC environments.

Our efforts to assist the Government of El Salvador to combat LIC have had some significant successes. We have made our indirect influence felt by creating an environment in which free national elections were held and an orderly transition of power subsequently took place. We have been successful in developing a professional security force that supports the national objectives of the Government of El Salvador. We need to remember, however, that LIC situations, particularly insurgencies, are not fought to a timetable. They are protracted and frustrating by nature.

The Philippine Government is working hard to overcome its LIC threat. While the insurgency remains a critical, long-term problem, the Aquino government has made progress toward revitalizing democratic institutions. The constant threat of coup attempts has subsided, and the Army is attempting to prevent the guerrillas from gaining further local political control. We have reaffirmed our commitment to a bilateral security relationship with the Philippines and pledged assistance to continue nation-building efforts. Once again, however, much remains to be done including working on closer cooperation within our own institutions in providing assistance to the Philippine Government to defeat the insurgency.

The staff within OASD(ISA) has been working with OASD(SO/LIC) on issues that focus on LIC. The regional desks lend their country-specific expertise to OASD(SO/LIC). This has been effective in recent working groups addressing the drug problem and long range plans for national defense policies involving LIC. As OASD(SO/LIC) joins OASD(ISA) as a component in the Office of the Under Secretary of Defense for Policy, the working relationship between the two offices should be enhanced. If confirmed, I also intend to pursue this relationship and to see that the expertise of SO/LIC and ISA is brought to bear creatively on shared concerns.

9. BOARD FOR LOW INTENSITY CONFLICT

Question. The National Defense Authorization Act for Fiscal Year 1987 directed the President to establish the Board for Low Intensity Conflict within the National Security Council. The principal function of the Board is to coordinate U.S. policies for low intensity conflict. What is your view of the most effective organization, authority, and operation of the Board? What is the proper relationship between the Board and the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict?

Answer. An NSC Committee will be serving as the LIC Board to provide effective interagency coordination of U.S. LIC policies. The use of a sub-cabinet level committee will accommodate active involvement of senior policymakers who can effectively represent their departments and agencies. Current plans envision the LIC Board reviewing recommendations on general LIC policy, assessing the effectiveness of LIC policy implementation in specific countries, and resolving issues arising between LIC-oriented and regionally oriented groups. The Under Secretary of Defense for Policy would represent the Secretary of Defense on the LIC Board. ASD(SO/LIC) could serve on the working groups under the board.

10. INTERNATIONAL COUNTER-NARCOTICS EFFORT

Question. What is the proper role of the Department of Defense in the efforts of the United States to interdict the flow of drugs to the United States at their sources in foreign countries? In particular, what should be the role of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict and his office in the Defense Department's efforts in this area?

Answer. The Department of Defense (DOD), with the Department of State and U.S. law enforcement agencies, should help lead the attack on the supply of illegal drugs from abroad under the President's strategy. One of the ways DOD can substantially advance the national objective of reducing the flow of illegal drugs into the United States is by assisting in the attack on production of illegal drugs at the source. Reducing the availability of the elements of illegal drug production in the source countries would reduce the flow of illegal drugs to the United States. Three elements of an effective attack are:

Assistance for nation-building. To assist in the nation-building aspects of the President's strategy, DOD is responsible for executing security assistance programs in coordination with the Department of State. These programs are essential to reconstructing societies ravaged by narco-trafficking and related insurgent and terrorist violence.

Operational support to host-country forces. To provide counternarcotics operational support to the forces of cooperating countries, U.S. Armed Forces can provide foreign military forces substantial assistance in training, reconnaissance, command and control, planning, logistics, medical support, and civic action in connection with foreign forces' operations against the infrastructure of drug producing criminal enterprises.

Cooperation with host-country forces to prevent drug exports. In addition to the above, the United States must assist the law enforcement agencies of cooperating foreign countries to combat the export of drugs from those countries. DOD can assist with an improved intelligence collection effort, which will be essential not only to assist the governments of the source countries, but also for U.S. actions in the attack on drugs in transit to the United States.

The Office of the ASD(SO/LIC) can bring considerable expertise to bear on the international dimensions of the U.S. counternarcotics strategy. Narcotics trafficking and the climate of violence and lawlessness that it breeds are forms of low intensity conflict that have proliferated throughout the world. As the senior civilian adviser to the Secretary for both special operations and low intensity conflict activities, I would provide the perspective needed to understand the relationships among narcotics trafficking, insurgency, terrorism, host nations forces' capabilities, psychological attitudes, and other factors that define the environment, and then address these with sound recommendations in such areas as strategic planning and resourcing, security assistance, psychological operations, force protection and antiterrorism, and the use of various special operations capabilities.

11. SECURITY ASSISTANCE

Question. As you know, the U.S. security assistance program is an important instrument for enhancing security and stability in critical regions of the world, especially those struggling with low intensity conflicts. What is your assessment of the current effectiveness of the security assistance program? How would you propose to improve the security assistance program?

Answer. The U.S. Security Assistance program has made a critical contribution to our national security by helping many of our Third World friends and allies counter threats from insurgents and drug traffickers. This is especially true for El Salvador and the Philippines, where our assistance to those democracies has expanded their internal defense capabilities and helped to thwart the goal of the insurgents.

While the basic thrust of our security assistance effort has focused on NATO and base rights countries and the Middle East peace process, I believe we are approaching a crossroads in our thinking about how we perceive security assistance and how it should function as an instrument of our foreign policy. Given the increasing salience of Third World issues to our long-term well being, I think we need to examine closely our concepts and mechanisms for implementing our security assistance program.

For the past several years, budgetary limitations and earmarkings have caused a sharp decline in our security assistance efforts to Third World countries threatened by LIC. Inadequate attention to many of these developing LIC environments places U.S. national interests in these regions in jeopardy. Stability, economic development, and the growth of democracy in the developing world deserve our increased efforts. We need to demonstrate a firm U.S. commitment to aid in resolving the pressing challenges facing the Third World. Of course, we must continue to recognize that the recipients of our security assistance bear the primary responsibility for promoting and fighting for their own security interests with the U.S. aid provided.

The tools of our military assistance capabilities (equipment, training, manpower, regional expertise, logistics, etc.) are in fairly good order and can be sharpened and tailored to meet the LIC challenge. However, the indirect application of our power requires that adequate security assistance budgets be supported for the developing world. More funds need to be allocated to very basic infrastructure building if Third World nations are to expand their internal defense and development capabilities in the next decade. In many cases, rather small programs can produce significant benefits in terms of civic action, medical care, troop morale, human rights, and counterterrorism capabilities.

12. OVERSIGHT OF CLASSIFIED ACTIVITIES

Question. The Senate Armed Services Committee remains concerned about a number of classified activities that fall within the responsibility of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict. What management oversight will you exercise in these areas, particularly as they relate to operational activities, to ensure that they are carried out in accordance with existing laws, rules, and regulations?

Answer. If confirmed, I will carry out the laws that affect overall supervision of special operations and low intensity conflict within the Department of Defense. To assist me in this effort, some reorganization of the Assistant Secretary's office will be required. I also intend to maintain close liaison with the Military Departments and Joint Staff on both nonoperational and operational matters, including classified activities, as these affect my oversight and advisory responsibilities.

13. CONGRESSIONAL NOTIFICATION

Question. The Congress maintains an ongoing interest in a number of activities within the responsibility of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict for which congressional notification is required. What management steps and other efforts will you make to ensure that the notification process for the appropriate congressional committees is fully implemented on a timely basis and that the appropriate committees are kept fully informed in these areas of special interest?

Answer. As mentioned in my response to Question 12, one of my first management steps, should I be confirmed, will be the reorganization of the ASD(SO/LIC) staff and the assignment of responsibility for oversight of special operations activities. I will, if confirmed, work closely with the Assistant Secretary of Defense for Legislative Affairs to ensure that congressional notification is appropriately carried out.

14. NAVY SEAL FORCES

Question. The most effective organizational relationship between Navy SEAL forces and the U.S. Special Operations Command has been discussed at great length. What is the current relationship, and do you think any changes to it are necessary?

Answer. Command of the Naval Special Warfare Groups, including operational control of all United States-based units, is exercised by the Commander, Naval Special Warfare Command, a SEAL flag officer who is both USCINCSOC's naval component commander and an echelon two commander reporting to the Chief of Naval Operations.

In my view, the current command relationships for Navy SEAL forces are entirely satisfactory. There are no plans to make any changes in SEAL organizational relationships. Complementing the current command arrangement is a strong commitment to ensuring that the Service staffs remain full partners in the management of our Special Operations Forces.

15. REORGANIZATION OF ARMY COMPONENT COMMANDS

Question. The Army plans to realign the command relationships of its component forces within the U.S. Special Operations Command. Have you had the opportunity to review this command realignment? If you have, what are your views on it?

Answer. I have reviewed the initiative to reorganize the Army's 1st Special Operations Command as a Major Army Command. I believe the formation of the new Army Special Operations Command (ARSOC) will significantly improve SOF command and control capabilities and is a positive step toward fulfilling the SOF legislation. Specifically, command of Active and Reserve Component SOF units will be exercised by Commander, ARSOC, who will report to USCINCSOC for operational matters and Headquarters, Department of the Army for service-related matters. This is a sound move and will bring Army Reserve SOF in line with active command and control mechanisms and provide more effective training and readiness oversight for Army National Guard SOF. I fully support the activation and look forward, if confirmed, to working with the new ARSOC, through the Secretary of the Army and USSOCOM.

16. MARINE CORPS ROLE IN SPECIAL OPERATIONS AND LOW INTENSITY CONFLICT

Question. Are you familiar with the special operations capabilities that the Marine Corps is developing in its MEU(SOC) forces? What should be the role of the Marine Corps in special operations and low-intensity conflict? Are you familiar with the discussion of low-intensity conflict in the Marine Corps warfighting manual? What are your views on this approach?

Answer. I am familiar with the spectrum of capabilities of the Marine Expeditionary Unit (Special Operations Capable). As a forward-deployed, maritime, air-ground task force, the MEU(SOC) has the advantage of mobility and sustainability, while providing a variety of options in a low intensity environment. The MEU(SOC)'s limited special operations capabilities, however, do not replicate the sophisticated capabilities of certain dedicated SOF units. Coordination of these capabilities, which is already in place at the operational level, has been recently enhanced at the policy-making level by the addition of a Marine staff officer to the Office of the ASD(SO/LIC).

The Marine Corps has a long-established role as an expeditionary force-in-readiness. In addition, Marine forces have historically had extensive experience in low intensity conflict. Because of increasing constraints on access to, and use of, foreign bases, Marine Expeditionary Forces will derive a corresponding increase in utility from their relatively unconstrained sea bases. Marines will also continue to have an important role in U.S. efforts to assist countries engaged in low intensity conflict. As the nominee for the position of ASD(SO/LIC), I appreciate the strong support for Marine special operations and low intensity conflict capabilities provided by the Commandant of the Marine Corps.

The Marine Corps Warfighting Manual (FMFM1) outlines a philosophy of maneuver warfare applicable across the spectrum of conflict. I am also interested in the lessons that can be learned from the Small Wars Manual (NAV MC 2890), which was originally printed in 1940 and republished in 1987.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

RESERVE FORCES INTEGRATION

Senator THURMOND. Mr. Locher, last month I received a briefing on the Army's reorganization of the 1st Special Operations Command. I want to let you know that I was impressed with their plans, especially the integration of the Reserve Forces into the Active Components. I believe that this is the first step by the Army in integrating the Reserve Forces into the Total Force.

Since this reorganization affected one of the key Special Operations Commands, was your office consulted on the reorganization, and if not, should it have been?

Mr. LOCHER. Reserve Component Special Operations Forces are an integral part of our total special operations capability. They provide over 60 percent of the special operations force structure of the Army and approximately 40 percent of the total Defense Department capability. In my opinion, the reorganization of the 1st Special Operations Command, as a major Army command, represents a significant accomplishment. Seth Cropsey, the Principal Deputy, and I were briefed by Brigadier General Guest, Commander, 1st Special Operations Command, on the proposed reorganization. General Lindsay, Commander, US Special Operations Command, also attended. Additionally the OASD(SO/LIC) staff has worked closely with the Army staff on the reorganization. I am satisfied that coordination of the reorganization was extensive.

INFRASTRUCTURE BUILDING

Senator THURMOND. Mr. Locher, in your response to a question on Security Assistance you state: "More funds need to be allocated to very basic infrastructure building if Third World nations are to expand their internal defense and development capabilities in the next decade."

Have you had an opportunity to develop any figures on how much money you are talking about and where those funds should come from?

Mr. LOCHER. An excellent starting point for gauging the amount of funds needed for basic military infrastructure building in the developing world is contained in the administration's fiscal year 1990 Congressional Presentation for Security Assistance Programs. Implementation of the proposals for Third World nations described there would start the process of demonstrating a firm U.S. commitment to helping resolve their pressing challenges. The austerity of Third World security assistance funding has become a major foreign policy concern. Even in an era of declining resources, the United States cannot afford to neglect Third World countries facing various degrees of internal instability and threats to their survival.

The Foreign Operations Appropriation bill for fiscal year 1990 has cut the administration's request for the Military Assistance account by nearly $400 million. If the Conferees maintain all the proposed earmarks in the Senate and House versions, the remaining funds will only finance programs for the Philippines and Portugal. This would leave no military assistance funding to carry out programs for Central and South America, the Caribbean, and South East Asia. Unless the appropriation is increased by $200 million, or the earmarks are greatly reduced, there will be little the United States can do in the Third World to meet the low intensity conflict challenge.

BOARD FOR LOW INTENSITY CONFLICT

Senator THURMOND. Mr. Locher. The National Defense Authorization Act for fiscal year 1987 directed the President to establish the Board for Low Intensity Conflict. In your advance questions you provide a detailed description of the makeup and how the board is to function. However, you did not indicate if the board has been appointed.

Has the President appointed the board and is it functioning?

Mr. LOCHER. The Board has been appointed. An NSC memorandum has established the deputies committee of the NSC as the Board for Low Intensity Conflict. The board has not met but a Low Intensity Conflict working group organized at the Assistant Secretary level has met to establish the supporting structure and the ground rules for the board.

EQUIPMENT MODERNIZATION

Senator THURMOND. Mr. Locher, the Armed Services Committee included a provision in this year's Defense authorization bill for Soldier and Marine Corps Equipment enhancement. I periodically receive correspondence which indicates that our special forces don't have the modern lightweight equipment that they need. One of the major concerns appears to be radios.

Are you aware of any equipment problems and what if anything can you do about it?

Mr. LOCHER. Lightening the load of each special operations team member has always been a high priority of the SOF community. However, it is only in the past several years that significant resources and management attention have been applied to the problem. We have now made an aggressive start toward reducing the weight of the special operator's communications gear. We are in the process of fielding a wide variety of equipment to improve communications for deployed teams. Much of this equipment has been specifically selected to lighten the load. We have purchased over 5,400 new light weight radios in the past three years. A large percentage of these were purchased with the special appropriation of $108M in fiscal year 1989 Army procurement funds for SOF communications and electronics. We plan to continue this effort by completing the fielding for SOF teams with lightweight non-developmental radios and by beginning development this year on a state-of-the-art lightweight communication system for SOF teams—the Joint Advanced Special Operations Radio System (JASORS). This system will greatly enhance the teams' communications security and capability.

[The nomination reference of James R. Locher III follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
September 6, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

James R. Locher III, of Virginia, to be an Assistant Secretary of Defense, vice Charles S. Whitehouse, resigned.

[The biographical sketch of James R. Locher III, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF JAMES R. LOCHER III

EDUCATION

1987-1988—Massachusetts Institute of Technology, Center for International Studies Fellow. Participated in Seminar XXI, Foreign Politics and the National Interest.

1982—Harvard John F. Kennedy School of Government, attended Executive Program in National and International Security.

1972-1974—Harvard Graduate School of Business Administration, received Master in Business Administration degree concentrating in managerial economics. Awarded 1972 Office of the Secretary of Defense Graduate Fellowship.

1964-1968—United States Military Academy, West Point, New York, received Bachelor of Science degree majoring in engineering sciences. Selected as a Cadet Regimental Executive Officer.

WORK EXPERIENCE

1987-Present—Senate Committee on Armed Services, Washington, DC, professional staff member. Responsible for military strategy, defense organization and management, special operations and low intensity conflict reforms, and Persian Gulf issues. Responsible for general supervision of staff support for three subcommittees.

1985-1986—Professional staff member. Directed bipartisan staff effort that resulted in the Goldwater-Nichols Department of Defense Reorganization Act of 1986. Principal author of 645-page study, Defense Organization: The Need for Change. Senior Committee staffer for the legislation mandating special operations and low intensity conflict reforms.

1978-1985—Professional staff member. Senior Committee adviser on international security affairs. Responsible for force projection programs, including airlift, sealift, amphibious warfare, and rapidly deployable forces.

1974-1978—Office of Assistant Secretary of Defense for Program Analysis and Evaluation, Washington, DC, Operations Research Analyst in Naval Forces Division. Responsible for amphibious shipping, mine countermeasures, and naval gunfire. Prepared net assessments of United States and Soviet maritime and power projection forces and analyses of United States amphibious forces. Awarded Secretary of Defense Meritorious Civilian Service Medal.

Summer 1974—Executive Secretary for two committees of the most senior military and civilian program planners. Worked directly for Assistant Secretary of Defense for Program Analysis and Evaluation. Coordinated all program issue papers.

Summer 1973—Executive Assistant to Deputy Assistant Secretary of Defense for General Purpose Programs. Major responsibilities for preparation of program issue papers for general purpose forces.

1969-1972—Operations Research Analyst in Mobility Forces Division. Responsible for sealift programs, including analyses of the sealift requirements of defense planning scenarios.

1969—White House Working Group on Maritime Policy, Executive Office of the President, Washington, DC, Executive Secretary for six months of the effort that resulted in the Merchant Marine Act, 1970. Responsible for preparation of policy analyses and decision memoranda.

1968-1969—Office of the Secretary of Defense, Washington, DC, Executive trainee. Rotational assignments in installations and logistics, systems analysis, and research and engineering. Served for three months as a Legislative Assistant to Congressman Robert L. Leggett. Co-authored a 255-page transition paper on maritime policy for the Departments of Defense and Transportation for the change of Administrations in January 1969.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by James R. Locher III, in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearings and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
James R. Locher III.

2. **Position to which nominated:**
Assistant Secretary of Defense For Special Operations and Low Intensity Conflict.

3. **Date of nomination:**
September 6, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
August 21, 1946, Lancaster, PA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married, Wife's Maiden Name: Norma Lynn Jarrett.

7. **Names and ages of children:**
James R. Locher IV, age: 20.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

	Dates attended		Degree received	Date degree granted
	From	To		
Francis C. Hammond High School	September 1959	June 1964		
U.S. Military Academy	July 1964	June 1968	BS	June 5, 1968
Harvard Graduate School of Business Administration.	September 1972	May 1974	MBA	June 13, 1974.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Professional staff member; Senate Committee on Armed Services; Room SR-228, Russell Senate Office Building, Washington, D.C. 20510; From June 5, 1978 to May 24, 1989.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None during last 10 years.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Arthritis Foundation.
Friends of the Kennedy Center.
Wolf Trap Foundation Associates.
Pentagon Officers' Athletic Center.
Association of Graduates, U.S. Military Academy.
Army Athletic Association.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Office of the Secretary of Defense Graduate Fellowship (1972).
Secretary of Defense Meritorious Civilian Service Medal (1978).

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Defense Organization: The Need for Change; Senate Committee on Armed Services; October 16, 1985.

"Organization and Management," *American Defense Annual 1988-1989*; Mershon Center, The Ohio State University; 1988.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

I have provided the committee with two copies of a speech, entitled "Implications of Low Intensity Conflict for Defense Organization and Management," presented to a seminar at The Brookings Institution on December 7, 1988. Contained in committee files.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Because the President and Secretary of Defense believe that I am the best qualified person for the position for which I have been nominated.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My background and employment experiences that qualify me for this particular appointment include:

21 years of Federal Government service in the Office of the Secretary of Defense and on the staff of the Senate Committee on Armed Services (SASC): Strong background in national security issues. Extensive knowledge of Department of Defense bureaucracy and its workings and congressional politics, procedures, and practices.

Extensive knowledge of special operations and low intensity conflict (SO/LIC) issues: Senior SASC staffer on SO/LIC issues for three years with principal responsibility for SO/LIC reform legislation in 1986, 1987, and 1988.

Strong international security affairs background: SASC's senior foreign policy advisor for 6½ years. During this period, served as the committee's principal contact with the Department of State. Extensive foreign travel.

Extensive knowledge of defense organization and management: Senior SASC staffer for the Goldwater-Nichols Department of Defense Reorganization Act of 1986. Unparalleled understanding of defense organization principles and statutory requirements.

Strong background in strategic planning: Responsible for SASC work on U.S. national security strategy and its military strategy component. Principal SASC staffer for 16 strategy hearings in 1987 and for hearings to establish the geostrategic context for the SASC's review of the INF Treaty in 1988.

Extensive defense resource analysis experience: Ten year systems analysis experience in the Office of the Assistant Secretary of Defense for Program Analysis and Evaluation. Six years of program analysis responsibilities for SASC subcommittees. Particular area of resource analysis expertise in force projection programs.

Education emphasis on management (Harvard Graduate School of Business Administration) and military leadership (United States Military Academy).

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: James R. Locher III.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have your or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expects to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either, individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JAMES R. LOCHER III.

This 6th day of September, 1989.

[The nomination of James R. Locher III was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 18, 1989.]

[Prepared questions submitted to Terrence O'Donnell by Senator Nunn prior to the hearing with answers supplied follow:]

AUGUST 31, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed herewith please find my answers to your questions on selected defense policy and management issues submitted in connection with my nomination by President Bush to serve as General Counsel for the Department of Defense.

Very truly yours,

TERRENCE O'DONNELL.

Enclosure.

Question (1). Section 139 of title 10, United States Code, provides that the General Counsel shall be the chief legal officer of the Department of Defense and shall perform such functions as the Secretary of Defense may prescribe. Should you be confirmed as General Counsel, what functions do you expect that Secretary Cheney will prescribe for you?

Answer. Department of Defense Directive 5145.1 dated January 7, 1959 states that the General Counsel is responsible for all legal services to be performed within and involving the Department of Defense. Other directives of the Department prescribe an express role for the General Counsel related to the subject matter of the directive. For examples, the General Counsel has supervision of the Industrial Security Review Program, largely an adjudicative process; he supervises the Standards of Conduct Office; he receives Service of Process on the Secretary of Defense when the latter is sued; and he supervises the Legislative Reference Service, responsible for internal processing of legislation, comments thereon, and Executive Orders.

In addition to these assignments of responsibility, I am sure that Secretary Cheney will expect the General Counsel to focus on other problems of particular importance to the Department arising in the future.

Question (2). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the amendments to the Act relating to special operations forces and low intensity conflict, and the Packard Commission.

Question a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

Answer. I am fully committed to the complete and effective implementation of Goldwater-Nichols Department of Defense Reorganization Act of 1986. I am also fully committed to ensuring that the improvements recommended by the Packard Commission are put into effect.

Question b. From the General Counsel's perspective, what are the central issues in implementation of Goldwater-Nichols Department of Defense Reorganization Act that should receive frequent monitoring by the Department's legal community?

Answer. I believe that the organizational responsibilities assigned to the various elements and components of the Department should receive frequent monitoring by the Department's legal community.

In addition, careful recognition must be assured to those elements and requirements of the Goldwater-Nichols Act emphasizing joint Service experience.

Question c. What responsibilities will be assigned to the General Counsel in terms of implementing NRS-11 (the Defense Management Review)?

Answer. I expect that the General Counsel will have a significant role in defining the proper organizational responsibilities in the restructuring recommended by the Defense Management Review, in the establishment and operations of the DoD Ethics Council, in the development of Departmental actions designed to further greater industry accountability and in the preparation of the legislative proposals recommended in the Defense Management Review.

Question d. What role do you expect the General Counsel to play in connection with the newly formed DoD Executive Committee?

Answer. The General Counsel will attend the meetings of the Executive Committee and will provide legal advice on issues as required.

Question (3). If you are confirmed, what will be your top priorities as General Counsel in terms of substantive problems facing the Department of Defense?

Answer. I intend to be guided by Secretary Cheney's priorities for the substantive problems of the Department. Certainly the need for the improvements identified in the Defense Management Review will be at the top of the list. In addition, Department of Defense support to civilian law enforcement agencies in the drug interdiction effort will require careful attention.

Question (4). In the private sector, lawyers are increasingly involved in the concept of preventive law—working with the clients to identify and prevent illegal or questionable practices before serious problems arise. Based upon your experience in private practice, what practices can the Department of Defense initiate to involve the Department's lawyers closely with the policy process in terms of providing such preventive law assistance?

Answer. I believe the most important principle in preventative law is for the lawyer to know the client's business and to work closely with the client so that advice is given before the client is committed to a less desirable course of events. As I get to know the operations of the Department of Defense, I will be involved with this aspect of the relationship between the "clients" of the Department and Departmental lawyers.

Question (5). Although the "Ill Wind" investigation has not been completed, a great deal of information has been made public as a result of the cases prosecuted to date.

Question a. What lessons have been learned from the information that has been made public about the "Ill Wind" investigation?

Answer. Although I have generally followed the reports in the media of the "Ill Wind" investigation, I believe that the media stories are inadequate to develop a comprehensive list of lessons learned. However, I believe that the media stories point to the need for continued vigilance. Any system that involves large amounts of money will attract people who will try to cheat. Those responsible for the system must be continually on alert for the cheaters.

Question b. What procedures should the General Counsel take to assess the results of that investigation in terms of Department of Defense acquisition practices?

Answer. I understand that the former General Counsel served as co-chairperson with the Under Secretary of Defense for Acquisition on a Task Force established by Secretary Carlucci to recommend what steps the Department should take in response to "Ill Wind." I also understand that the Task Force recommended a number of changes to acquisition practices as a result of the "Ill Wind" investigation. I will not recommend additional procedures until I have had a chance to examine those that are already in place.

Question c. Do you anticipate any significant legislative or regulatory changes resulting from an assessment of the "Ill Wind" investigation? If so, please describe the areas of concern and the timetable for addressing such issues.

Answer. I understand that the procurement integrity section of the Office of Federal Procurement Policy Act Amendments of 1988 were enacted in part to address problems disclosed in the "Ill Wind" investigation.

At this point, I am not prepared to recommend additional significant legislation or regulatory changes based upon the disclosures in the "Ill Wind" investigation.

Question (6). Please describe your understanding of both the formal and informal relationships between the General Counsel and each of the following:

a. The General Counsels of the Military Departments.

b. Counsels for the Defense Agencies.

c. The Judge Advocates General.

d. The Legal Advisor to the Chairman of the Joint Chiefs of Staff.

e. The Staff Judge Advocates to the commanders of the unified and specified combatant commands.

f. Counsel to the Inspector General.

g. The Defense Acquisition Regulatory Council.

h. The Joint Service Committee on Military Justice.

Answer. I am advised that the status of the General Counsel as the Chief Legal Officer of the Department is well recognized, and that there is frequent informal consultation on legal issues of significance to the entire Department of Defense.

Specifically (subsections a. and c.), there is a monthly business luncheon with the General Counsels and the Judge Advocates General of the Military Departments, the Staff Judge Advocate to the Commandant of the Marine Corps, and the Chief Counsel of the United States Coast Guard. A formal agenda is prepared, and there is a general discussion of items of general interest.

With respect to the General Counsel's of the Defense Agencies (subsection b.), there is a monthly meeting, also with a formal agenda, and each of the attendees is expected to raise issues for discussion.

With respect to the Legal Advisor to the Chairman of the Joint Chiefs of Staff and the Staff Judge Advocates to the Commander of the unified and specified combatant commands (subparagraphs d. and e.), significant tasking comes to the Joint Chiefs and the unified and specified combatant commands from the President through the Secretary of Defense aided by his staff, particularly the Under Secretary of Defense (Policy), who is served by the Assistant General Counsel (International & Intelligence). Legal issues arising in this process are brought to the attention of the General Counsel. Current procedures require that deployment orders with War Powers Act significance be reviewed by the General Counsel.

With respect to Counsel to the Inspector General, this individual is the Assistant General Counsel (Fiscal & Inspector General) who is on the immediate staff of the General Counsel.

With respect to the Defense Acquisition Regulatory Council (subsection g.), this activity operates under the supervision of the Deputy Assistant Secretary of Defense (Procurement), who is a client of the Assistant General Counsel (Logistics), on the immediate staff of the General Counsel.

The conclusions of the Joint Service Committee on Military Justice (subparagraph h.), are reviewed by the General Counsel.

Question (7). Are any changes needed in the relationships described in your response to the previous question?

Answer. At this time, I am not prepared to conclude that any changes are needed in these relations.

Question (8). Will the legal opinions of your office be binding on all lawyers within the Department of Defense?

Answer. Yes.

Question (9). How will you ensure that such opinions are available to lawyers in the various components of the Department of Defense?

Answer. I understand that legal opinions on significant issues are distributed to lawyers whose responsibility involve the subject matter of the opinions. I will continue to ensure that this is done.

Question (10). What is your understanding of the action that a Department of Defense attorney should take if the attorney becomes aware of improper activities by a client and the client is unwilling to follow the attorney's advice? Are there formal Department procedures that guide the attorney in addressing such a situation?

Answer. I am advised that there are no formal procedures dealing with this issue. However, the very establishment by statute of a Chief Legal Officer, and the further creation of the Defense Legal Services Agency to establish a professional chain of communication should provide the means of bringing to the level of the Secretary of Defense information with respect to failure to follow sound legal advice within the Department. Confidence in the integrity of the legal function on the part of clients, and good working relations with the Counsel for the major components of the Department, should help.

Question (11). What steps should the General Counsel take to ensure that the position taken by DOD Components before judicial and administrative tribunals on the interpretation or validity of statutes and DOD rules is consistent with the views of the Secretary of Defense?

Answer. I am advised that existing orders (Department of Defense Instruction 5030.7) require that "Department of Defense components shall maintain liaison with each other and with the General Counsel, Department of Defense, for mutual information and advice concerning all significant court actions conducted by the Department of Justice at the trial or appellate stage."

Question (12). One of the current responsibilities of the General Counsel is to coordinate the Department's legislative program and to provide the Department of Defense's views on legislative proposals initiated from outside the Department. What actions will you take to ensure that the committee receives the Department's proposals and views in a timely manner?

Answer. The legislative clearance process involves internal coordination, and clearance by the Office of Management and Budget (OMB). The ability to influence OMB action is limited. However, I am advised that upon occasion the Secretary of Defense has, at the suggestion of the General Counsel, intervened. With respect to internal coordination when deadlines are established, if there are unresolved differences, the procedures require submission to the Secretary of Defense, which I am advised has been done infrequently. If internal deadlines are not met, it may become necessary to proceed without the views of the components experiencing the delay.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

WHISTLEBLOWER PROTECTION

Senator THURMOND. Mr. O'Donnell, the Congress has passed legislation to prevent retribution against people who report waste, fraud, and abuse. I strongly believe that anyone who reports allegations of mismanagement should be rewarded and not fear reprisal. What part does the General Counsel have in protecting whistleblowers and how do you personally plan to deal with this issue?

Mr. O'DONNELL. Within the Department of Defense, three types of whistleblowers can play an important role in identifying fraud, waste, and abuse that might otherwise go undetected: military, civilian, and DOD contractor personnel. 10 U.S.C. § 1034 and 5 U.S.C. § 2302 (b)(8), among other provisions, govern the protection of military and civilian whistleblowers, respectively. If confirmed as the DOD General Counsel, I will be responsible for providing advice to DOD officials on the interpretation of these statutes.

My role in the Department also would be to give close attention to the legal review of proposed implementing regulations as they are being coordinated within DOD. Along these lines, DOD Directive 5500.19, entitled "Cooperation with the Office of Special Counsel of the Merit Systems Protection Board," which is codified at Title 32, Code of Federal Regulation, part 145, establishes policy and prescribes procedures for DOD cooperation with the Office of Special Counsel as the Special Counsel conducts investigations of alleged whistleblower reprisals pursuant to 5 U.S.C. §§ 1205, 1206, 1207, 2301, and 2302. Furthermore, I understand that the Department of Defense is about to issue regulations to implement the military whistleblower protection statute. I will carefully review this and any related regulations as they are being coordination within the Department. I also look forward to working with the senior leadership in the Department on procedures to protect DOD contractor whistleblowers.

While I view the Department of Defense Inspector General as having full responsibility for conducting investigations of military whistleblower reprisal cases, I believe the DOD General Counsel must work closely to support that office. If confirmed, I will endeavor to promote the kind of protection all DOD whistleblowers need and deserve.

Senator THURMOND. Mr. O'Donnell, a recent newspaper article indicated that many officials who retire from the Defense Department do not submit the required form on post-retirement employment. Without this information the Department is unable to determine whether a retiree is violating the laws restricting contacts of former military officials with the former agencies.

Do you consider this a problem and is there a need to strengthen the legislation regarding this matter?

Mr. O'DONNELL. I have been advised that there are three different programs related to post-government service employment. One program, established pursuant to 10 U.S.C. § 2397c, requires major defense contracts to report information on certain former DOD officers and employees who are compensated by contractors. The second program is handled by the Military Departments. Each Military Department collects information from its retired regular military officers who go to work for defense contractors.

I believe the program you are addressing is the third program which is based on 10 U.S.C. § 2397. That statute requires certain former DOD personnel to report information to DOD if they go to work for contractors that have an annual aggregate of $10 million or more in defense contracts. The information collected is helpful in shedding light on the area of post-government service employment. It is very difficult to keep track of former DOD personnel after they leave Government service and individuals whose employment may violate the law are unlikely to point this out in a Government form. Therefore, the usefulness of this program in determining whether former DOD employees have in fact complied with the law is very limited. I do, indeed, consider this a problem.

The Standards of Conduct Office, a part of the DOD General Counsel Office, has attempted to increase the number of former DOD personnel who file in several ways, including extensive information letter campaigns and the use of computer matching programs. These efforts have had some positive effect on the rate of compliance with the statute but it is still too early to identify any significant improvements.

I have been advised that the President's ethics bill that was recently submitted to the Congress for consideration would help with this problem. The President's proposal brings together the plethora of ethics rules into a more understandable, single body of laws, and makes ethics rules uniform throughout the Government. In the interim, the Standards of Conduct Office will continue to search for new ways to improve these programs.

[The nomination reference of Terrence O'Donnell follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
August 1, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

Terrence O'Donnell, of the District of Columbia, to be the General Counsel of the Department of Defense, vice Kathleen A. Buck, resigned.

[The biographical sketch of Terrence O'Donnell, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF TERRENCE O'DONNELL

Partner, Law Firm of Williams & Connolly, Washington, DC.
Hometown: Washington, DC.
Born: New York, New York.
Education: B.S., 1966 U.S. Air Force Academy; J.D., 1971 Georgetown University, Law Center.
Marital Status: Married (Margaret), 3 children.
Military service: 1966-1972, Captain, U.S. Air Force.

Background: 1977-present—Attorney and Partner, Law Firm, Williams & Connolly; 1972-1977—Special Assistant to the President of the United States; 1971-1972—USAF Legal Officer, Office of the Judge Advocate General; 1969-1970—USAF Staff Officer, Republic of South Vietnam; 1966-1969—Staff Officer, Headquarters, USAF; 1962-1966—Cadet, USAF Academy.

Member, District of Columbia Bar and the Federal Courts of the District of Columbia and Maryland.

Former Member and Chairman, Board of Visitors, U.S. Air Force Academy.

Former U.S. Representative to the United Nations Program on Prevention of Crime and Treatment of Offenders.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Terrence O'Donnell in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Terrence O'Donnell.

2. **Position to which nominated:**

General Counsel, Department of Defense.

3. **Date of nomination:** August 1, 1989.

4. **Address:**

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

March 3, 1944, New York City, NY.

6. **Marital Status:**

Married, wife's maiden name: Margaret Lynne Kidder.

7. **Names and ages of children:**

Stephanie Tobin O'Donnell, 19; Erin Kathleen O'Donnell, 18; Victoria Lorraine O'Donnell, 11.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Punahou School, Honolulu, Hawaii, 1962, H.S. Degree.

U.S. Air Force Academy, Colorado, 1966, B.S. Degree.

Georgetown University Law Center, 1971, J.D. Degree.

9. **Employment record:**

March 1977 to present, Williams & Connolly (Associate March 1977 to January 1982; Partner January 1982 to present).

August 1974-January 1977—Special Assistant and Appointments Secretary to the President, The White House, Washington, D.C.

May 1972-August 1974—Staff Assistant and Deputy Special Assistant to the President, The White House, Washington, D.C.

June 1966-May 1972—Officer, U.S. Air Force, Maryland, Washington, D.C. and the Republic of South Vietnam.

June 1962-June 1966 Cadet, U.S. Air Force Academy, Colorado Springs, Colorado.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

December 1981-December 1987—U.S. Air Force Academy Board of Visitors (Presidential appointment) (Chairman of the Board, 1986 and 1987).

September 1980-November 1986—U.S. Air Force Reservist/Mobilization Augmentee, Office of the Secretary of the Air Force/Legislative Liaison.

January 1977-December 1980—United States Representative, United Nations Program for Prevention of Crime and Treatment of Offenders (Presidential appointment).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Partner, Williams & Connolly, Washington, D.C.

Member, Board of Trustees, Falcon Foundation, Colorado Springs, Colorado (scholarship organization).

Member, Board of Trustees, Gerald R. Ford Foundation.

Non-operated working interest (1-2½%) in producing and non-producing oil and gas leases in and near Jefferson County, Illinois.

Board member and Chairman of the Membership Committee, The Army and Navy Club, Washington, D.C.

Partner, Partner's Group, whose sole asset is a limited partnership interest in Continental Plaza Limited Partnership.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Membership from month, year to month, year	Name of organization	Nature of affiliation office held, if any	Location of organization city, county, State
August 1979 to present	Army and Navy Club	Chair, member, committee and board member	Washington, DC
March 1971 to present	American Bar Association	Member	Chicago, IL
June 1966 to present	Air Force Academy Association of Graduates	do	Colorado Springs, CO
June 1966 to present	Air Force Athletic Association	do	Do
May 1980 to present	Capitol Hill Club	do	Washington, DC
June 1978 to present	Congressional Country Club	do	Bethesda, MD
June 1982 to present	Country Club Swimming and Diving Association	President	Washington, DC
November 1971 to present	District of Columbia (bar)	Attorney	Do
November 1983 to present	The Falcon Foundation	Trustee	Colorado Springs, CO
June 1971 to present	Georgetown University Alumni Association	Member	Washington, DC
August 1985 to present	U.S. District Court for District of Maryland (bar)	Attorney	Do
February 1989 to present	The Metropolitan Club	Member	Do
June 1962 to present	Punahou School Alumni Association	do	Honolulu, HI
May 1987 to present	U.S. Court of Appeals for the District of Columbia (bar)	Attorney	Washington, DC
December 1981 to December 1987	Air Force Academy Board of Visitors	Member and chairman	The White House, Washington, DC

Membership from month/year to month/year	Name of organization	Nature of affiliation/office held, if any	Location of organization city (county)/State
January 1977 to December 1980	United Nations Program for the Prevention of Crime and Treatment of Offenders	U.S. Representative	Do.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

I have not held any offices with a political party nor have I been a candidate for any public office. I have served as a member of the Advisory Committee on General Government of the Republican National Committee in the late 1970's.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Member, Republican Party.

Member, George Bush National Advisory Committee, Lawyers Committee, and part-time volunteer in the Bush Campaign, 1988.

Part-time volunteer in the Reagan/Bush Campaign, 1980 and 1984.

(c) Itemize all political contributions to any individiual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

I generally give several hundered dollars a year to the Republican National Committee. I gave $1,000 to the George Bush PAC in 1987 or 1988.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Military: Bronze Star (1970); Republic of South Vietnam Campaign Medal; Vietnam Service Medal; National Defense Service Medal; Distinguished Unit Citation; and other military citations and medals.

Miscellaneous: Dean's List, Commandant's List, and Superintendent's List, USAF Academy; Captain, USAF Academy Swimming Team, 1966, Knole Trophy (1985) for support for competitive youth swimming programs; elected chairman, USAF Academy Board of Visitors, 1986 and 87; elected trustee, Falcon Foundation (1984).

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I do not know the specific reasons but I believe the following are relevant to this inquiry: service at the White House (1974-1977) with then Chief of Staff and now Defense Secretary Dick Cheney; legal experience in the Air Force and with Williams & Connolly; government experience at the White House (1972-1977) and as military lawyer detailed to the Price Commission (1971-1972); and military experience as an officer in the USAF (1966-1972).

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Legal career at Williams & Connolly (12 years); USAF Academy graduate and military experience (10 years); service on Air Force Academy Board of Visitors (6 years); service as a reserve officer (5 years); service on White House staff (5 years).

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Terrence O'Donnell.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

TERRENCE O'DONNELL.

This 26th day of July, 1989.

[The nomination of Terrence O'Donnell was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 18, 1989.]

NOMINATIONS OF EDSON G. CASE, JOHN T. CONWAY, JOHN W. CRAWFORD JR., ANDREW J. EGGENBERGER, AND HERBERT J.C. KOUTS TO BE MEMBERS OF THE DEFENSE NUCLEAR FACILITIES SAFETY BOARD

TUESDAY, OCTOBER 17, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:09 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Levin, Dixon, Glenn, and Thurmond.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff member present: Sherri Wasserman Goodman.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; George W. Lauffer and John E. Mansfield, professional staff members.

Staff assistants present: Lisa B. Hastey, Cindy Pearson, and Mickie Jan Wise.

Committee members' assistants present: Kenneth N. Luongo, assistant to Senator Levin; Christopher E. Paine, assistant to Senator Kennedy; Charles C. Smith, assistant to Senator Dixon; Jefferson B. Seabright, assistant to Senator Wirth; Dudley L. Carlson, assistant to Senator Wilson; Robert M. Soofer, assistant to Senator Gorton; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order. Unfortunately, for the timing of this hearing, we have a vote in about 5 minutes. But we are going to go ahead and get started and then we will inevitably have to be interrupted and come back.

The committee is pleased to welcome the five nominees for the Defense Nuclear Facilities Safety Board. The Safety Board was established by Congress last year to provide independent safety oversight of the defense-related nuclear facilities and operations of the Department of Energy.

The committee stated in its report on this legislation that, "the basic goals in establishing an independent safety oversight board are to ensure and enhance the safety of operations of the Department of Energy's nuclear facilities and restore public confidence, that these facilities are operated without undue risk to public health and safety."

The importance of restoring public confidence in the operation of the Department of Energy's defense facilities cannot be overstated. Over the last several years, the attention to safety in the operation of the Department of Energy's facilities has been called into question and has resulted in the shutdown of all the Nation's defense reactors. The public must have confidence that the facilities needed for our Nation's nuclear deterrent forces are operated safely.

The Safety Board is intended to help get our defense facilities back on the safety track. Its statutory missions are to review the standards relating to the design, the construction, the operation, and decommissioning of Department of Energy defense nuclear facilities, and to make recommendations to ensure that public health and safety are adequately protected at these facilities. With this broad mandate, the Defense Nuclear Facilities Safety Board is critical to the future operation of the nuclear weapons complex.

The law requires that the five members of the Safety Board be, "respected experts in the field of nuclear safety, with a demonstrated competence and knowledge, relevant to the independent investigation and oversight functions of the board." I am personally impressed with the qualifications of all the nominees. All the nominees have spent their careers in the field of nuclear reactor operations, as well as nuclear safety. They have been asked to take on a very difficult assignment at a critical turning point in the management of our Nation's nuclear weapons facilities. Their work will have a significant impact on, not only safety and health, but also on our Nation's security.

I am pleased to welcome to the committee today Mr. John T. Conway, nominated to be Chairman of the Safety Board. Mr. Conway was most recently executive vice-president of the Consolidated Edison Co. of New York, and was former staff director of the Joint Committee on Atomic Energy. Mr. Conway, we are glad to have you.

Mr. CONWAY. Thank you, Mr. Chairman.

Chairman NUNN. Mr. Edson G. Case, who has served as the Deputy Director of the Nuclear Regulatory Commission's Office of Nuclear Reactor Regulation since 1975. Mr. Case, we are glad to have you.

Mr. CASE. Thank you, Mr. Chairman.

Chairman NUNN. Mr. John W. Crawford, Jr., who has held numerous posts in the Atomic Energy Commission and its successor agencies, and who was the author of a report that led to important changes in the nuclear industry following the Three Mile Island accident. Mr. Crawford, we are glad to have you.

Mr. CRAWFORD. Thank you, Mr. Chairman.

Chairman NUNN. Mr. Andrew J. Eggenberger, who has served as an expert consultant on nuclear safety to the International Atomic Energy Agency, and as a seismic specialist with the National Science Foundation. Mr. Eggenberger, we are glad to have you.

Mr. EGGENBERGER. Thank you, Mr. Chairman.

Chairman NUNN. Mr. Herbert Kouts, am I pronouncing that correctly?

Mr. KOUTS. You are, sir.

Chairman NUNN. Mr. Kouts, the former director of the Brookhaven National Laboratory, who has many years of experience in reactor safety research. Mr. Kouts, we are glad to have you.

Mr. KOUTS. Thank you, Mr. Chairman.

Chairman NUNN. We are also pleased to welcome the families of the nominees who are here today. We welcome each of you. All of the nominees have submitted written answers to the advance questions that I sent them on the responsibilities of their positions. These answers were made available to the committee members as soon as they were received. If there is no objection, the nominees' submissions will be made part of the record. Hearing no objection, they will be made a part of the record.

[The information follows at the end of the hearing record.]

Chairman NUNN. Senator Warner has not arrived yet but he has asked that his prepared statement be made a part of the record.

[The prepared statement of Senator Warner follows:]

PREPARED STATEMENT BY SENATOR JOHN W. WARNER

Mr. Chairman, it is a real pleasure to have this hearing today. It has been long awaited and is the culmination of some years of hard work by this committee. The Defense Nuclear Facilities Safety Board was born in some controversy in 1987. The original proposal would have given the Board the responsibility to apply the absolute highest achievable standards of safety, no matter how small the incremental improvement nor how high the cost, to all defense nuclear facilities, including those whose safety was already regulated.

Mr. Chairman, it is obvious that safety of nuclear facilities is an absolute requirement, and that the Nation will not tolerate unsafe operation even if these facilities so important for our national security interests. The question is: What should the standard of safety be? Experts in this field, including those before us today, tell us that there is almost always something extra that can be done to improve safety if cost is no object. The originally proposed legislative charter for the Board would have had them identify such changes and submit them as binding recommendations.

Mr. Chairman, the extremely important contribution made by this committee in 1988 was to introduce the concept of a reasonable assurance of adequate protection of public safety, balancing cost and incremental benefit. The committee provision passed into law last year, and is the single most important development for the improved safety of our defense facilities. So I am extremely pleased that at last the Board has been nominated and is before us.

Mr. Chairman, these nominees are clearly top-notch; it is difficult to imagine a more qualified board.

The Chairman, John Conway, is no stranger. He was staff director of the old Joint Committee on Atomic Energy. He is a member of the bar and a former FBI agent. Lately he was Executive Vice President of Consolidated Edison. He is widely respected and just the candidate for this job.

Mr. Case has been involved in reactor safety for 30 years at the AEC and NRC.

Dr. Kouts has had a distinguished career of 35 years working on reactor safeguards at Brookhaven Laboratory, the AEC and the NRC. He is a member of the prestigious National Academy of Engineering.

Dr. Eggenberger is one of the Nation's experts in seismic engineering.

Captain Crawford deserves much of the credit for the nuclear power plant of the U.S.S. *Enterprise*, and in a long career at AEC and DOE, was responsible for the "Crawford Report" on the safety of DOE nuclear reactors.

So, Mr. Chairman, we are indeed fortunate that at last we are having this conformation hearing, and especially fortunate that nominees of such high quality are before us.

Chairman NUNN. I know that Senator Thurmond, and Senator Exon, as chairman of the subcommittee that deals with this very important subject, will be very much involved in the hearings today, as well as Senator Glenn, who in his capacity as a member of this committee and also as chairman of the Governmental Affairs Committee, has been most involved, and I think most constructive, in his leadership in this area. So I would ask first, Senator Thurmond, if you have any opening comments and then Senator Glenn. Then I will ask each of the nominees, starting with Mr. Conway, if they have any opening statements. We will then go to questions, subject, of course, to the vote.

Senator THURMOND. Thank you, Mr. Chairman. I am honored to join you and the members of the committee in welcoming this distinguished group of nominees for membership on the Defense Nuclear Facilities Safety Board.

Mr. Chairman, based on my review of these nominees' résumés, I expect to support their nominations and think they are all well-qualified. As a group, they have outstanding credentials in the field of nuclear energy. I do not want to embarrass them by totaling up the number of years they have worked in this area; suffice it to say, they have a great deal of experience.

Gentlemen, before I leave, and I have a Judiciary Committee executive session to go to, I just want to say that I look forward to supporting you. I wish you well in your work, and I am sure you are all going to do a fine job. Thank you very much, Mr. Chairman.

Chairman NUNN. Thank you, Senator Thurmond. Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman. On April 23, 1987, I introduced legislation which created an outside nuclear safety board to oversee the United States Department of Energy. At the time, the safety of the Department of Energy's nuclear weapons complex was undergoing the very first serious public scrutiny in over 40 years. This review was stimulated largely by the tragic nuclear accident at Chernobyl, an event which pointed to some potential technological and institutional similarities the United States could have had along with the Soviet Union.

What emerged at that time was a very shocking glimpse of the secret world of making nuclear weapons. Age and deterioration, combined with extraordinarily lax Government oversight, spawned a host of problems that not only jeopardized our national security, but also the safety of American citizens this industry was created to protect.

Eventually, Congress enacted a scaled-down version of my proposal. And, although I was not completely satisfied with the final outcome of this legislation, the Defense Nuclear Facilities Safety Board represents, I believe, a major and positive departure from past practices which have led to this crisis now affecting the U.S. nuclear weapons complex.

The nominees for the Safety Board face several important challenges during a critical period when the U.S. Government wrestles with the difficult and costly modernization and cleanup of the Department of Energy facilities.

Secretary Watkins has my full support and I think he has taken a number of excellent initiatives which I fully support. However, the structural nature of the Department of Energy's safety problems is likely to persist beyond the tenure of any administration. The average Cabinet Secretary in Washington remains on the job about 2 years. If you could have Jim Watkins at the DOE for the next 20 years, guaranteed, I might take a little different view of this. But that is not the way it is.

Among the more important problems the Safety Board will face will include the restart of the Department of Energy's crippled nuclear production reactors, while assuring that technological training and procedural capabilities are upgraded at the same time. Second, the growing deterioration of the Department of Energy's reprocessing plants, the Rocky Flats plutonium foundry, and other related facilities also raise important safety issues. Another one of the problems the Department of Energy has is assuring that new facilities, such as the proposed new production reactors, can be safely designed, constructed, and operated. And finally, as the Department of Energy accelerates into environmental cleanup, which is going to be a long, long, and costly process, as we are all aware, a new set of safety concerns will inevitably arise.

In terms of safety problems associated with nuclear waste cleanup, the risk of explosions from waste tanks as one example, has not received the attention it deserves. The catastrophic explosion of such a nuclear waste tank in the Soviet Union in 1957 clearly indicates it is not just an abstract issue. Unfortunately, in the past, the Department of Energy has not adequately addressed this problem. High level nuclear waste tanks at Department of Energy sites contain an array of chemicals which can interact with radioactivity and high heat posing a serious explosive risk. Among the explosive materials which can be generated are hydrogen, organic vapors, and ferrocyanide.

Very little has been done in that particular area by the Department of Energy yet to fully understand this problem, although the reports on this have been in existence for a number of years. In fact, according to a 1984 Department of Energy study, about 140 metric tons of ferrocyanide are contained in 149 single-shell nuclear waste tanks at the Hanford Reservation in Washington. The study notes that, "mixed with nitrates or nitrites, both of which are present in the tanks, cyanide has been shown to undergo explosive reactions." The study concludes that a single waste tank could have the potential for an explosion that is equivalent to 36 tons of TNT.

Now, I have the utmost confidence, as I said, in the ability of Secretary Watkins to deal with this and other related problems. But I am concerned that the time required to fix these problems will extend, as I said, well beyond his tenure. The Safety Board provides an institutional framework of accountability to ensure continuity in nuclear safety improvements. I look at the Board, gentlemen, as a second opinion. It is that important for the American people that we have that second opinion even if we trust the people completely within the Department of Energy to do the right things and have the right policies. I look at you as the first of a number of people that will give us that second opinion through the years.

The past record has shown that we need an outside oversight to make sure that we never again drift into the secrecy, and the abuse of secrecy, that occurred in the nuclear weapons complex in the past. We all hid behind this problem, "the Russians are coming, the Russians are coming," "we need more production, we need more production." I was for that. I did not know while we were under that veil of secrecy, though, that the wastes generated in the production program, while we tried to prepare for what might come from the Soviet Union, were not being dealt with adequately. Put it in a pit, do something, get it out of sight, we will deal with it later.

Well, now is later. We are paying the cost of 40 some years of neglecting the waste and some of the contamination, and aquifer-level contaminations, and all those issues that have come to light over the last couple of years.

As chairman of the Senate Committee on Governmental Affairs and a member of this committee, I will certainly be paying very careful attention to the establishment of the Safety Board and its performance over the next year. I also intend to continue my legislative efforts to strengthen and expand the role of the Safety Board as contained in S. 1304.

So I look forward to working together with you, gentlemen, to assure that these plants are cleaned up, that their operations are safe, not only for people there, but for the public that live in areas surrounding these plants. We look forward to working with you. I am glad to see you gentlemen finally appointed. It has been a long push trying to get you appointed. We want to get you on the job because we deserve the kind of second opinion your expertise can give us. Thank you.

Chairman NUNN. Gentlemen, we look forward to hearing from each of you, as to any opening statements or observations you might have, and then we will have questions. However, we only have 5 minutes left on the vote. I think it is probably wise for us to break here for about 10 minutes and then resume when we return. Thank you.

[Brief recess.]

Senator EXON [presiding]. The committee will please come to order. Gentlemen, we will resume the committee hearing. The chairman and others will be back shortly. They have a vote on the floor. I voted and came over to get things moving along here.

First, let me welcome each and every one of you this morning. I have an opening statement that I want to make, since I have been involved in this matter very deeply for a number of years, and as the chairman of the subcommittee of jurisdiction, I am going to be very much involved in the future. I want to delay your opening statements until the other Senators come back from the floor, which will be in just a few minutes.

I cannot tell you how pleased I am to welcome the nominees for the Defense Nuclear Facilities Safety Board, who are appearing before the Armed Services Committee today. The work that you have agreed to do, in my opinion, is some of the most important work that any such group has ever undertaken, given the complexities and difficult situations that we face, not only for the clean-up of nuclear waste at our defense facilities, which is one of the major catastrophes facing us. I also want you to look at and make recommendations and keep in mind that the whole nuclear deterrent posture of the United States is at stake here. And we must do more than we have thus far in this area.

I am very much pleased with the new Secretary that was nominated and confirmed by the President. I think the Admiral is going to be one that we can work with. I know, because I have discussed with him how important he thinks this Board is that was created under legislation that I introduced. We have worked very hard to try and have a proper balance. The advisory recommendations that you will be making, the investigations you will be doing, are going to be critically important to solving these problems that I think are absolutely critical.

Many members of this committee, including myself, have spent a great deal of time over the last 2 years working on the legislation that resulted in your being here. And we are extremely pleased to see these efforts beginning to bear some very important fruit.

The establishment of the Defense Nuclear Facilities Safety Board marks the beginning of a new era of safety awareness of our Nation's nuclear weapons facilities. The Safety Board is charged with recommending measures that will ensure the adequate protection of public health and safety at the Department of Energy defense facilities. The Board's mandate is broad enough to give it a major role in improving the standards for safe operating practices at our Nation's defense facilities.

I hope that the Board will help bring the Department of Energy's facilities on a par with the safety practices that have been adopted in the commercial sector over the last decade. There is no doubt that the members of the Defense Nuclear Facilities Safety Board will have their work cut out for them. This is a fulltime job and then some.

With most of the major production facilities shut down due to safety problems, the Board's work will be critical to the continued operation of our nuclear deterrent. You will have to recruit the most highly qualified technical specialists at a time when they are in extremely short supply and certainly in great demand. You will have to oversee facilities that, by and large, do not reflect modern industrial technology.

One of the Board's most difficult issues will be determining where to start. With all of the safety issues throughout the nuclear weapons complex, the Board will have to quickly develop a means for selecting which safety issues deserve the highest priority. Prioritizing is going to be, I suggest, one of your most difficult tasks.

The nominees are fortunate, however, to be among the best and the brightest in this field. They represent some of the most highly qualified talent of our Nation. And certainly some of the best talent that our country has to offer in addressing the problems of the nuclear waste complex, which are well known. Collectively, you represent the talent and the experience of the Nuclear Regulatory Commission, the Atomic Energy Commission, the former Joint Committee on Atomic Energy, the International Atomic Energy Agency, and our National Laboratories.

I just want to say gentlemen, as one Member of the Senate, and I think I speak for all of us, we are really grateful that you have agreed to assume this duty. I am looking forward with great interest to your testimony and then we will be going to questions.

If the chairman has not already done so, which I suspect he may have, I not only want to welcome you, but the members of your family who are here for this process. And with that, Mr. Chairman, I have completed my opening statement. And as far as I know, we are ready to go.

Chairman **Nunn** [presiding]. Good. Thank you, Senator Exon. Mr. Conway, I think we will call on you first for any observations you have and then we will go to Mr. Case, Mr. Crawford, and down the line.

STATEMENT OF JOHN T. CONWAY, NOMINATED TO BE CHAIRMAN, DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Mr. **Conway**. Mr. Chairman, thank you for holding this meeting today. I know how busy you are at this time. By letters dated July 28 and September 4, which you mentioned in your opening statement, I responded to detailed questions put to me by the committee. With your permission, I will allow those responses that I submitted to you to be in lieu of a prepared opening statement.

But I do want to also thank your staff that has been very, very helpful to me. Ms. Goodman, Mr. Mansfield, as well as your staff director Mr. Punaro, have been very helpful to me in preparing for this meeting. And also, if it becomes the will of the committee and the Senate to confirm our appointments, I will be very, very pleased to work with the other gentlemen that are here at the table with me. Most of them I have known and interfaced with for 30 or more years. It will be a pleasure to work with them. And with that and knowing the pressure of time on you sir, that will be all I have to say at this time. But I will be responsive to any questions, obviously, that you and your staff may have.

Chairman **Nunn**. Thank you, Mr. Conway. Mr. Case.

STATEMENT OF EDSON G. CASE, NOMINATED TO BE MEMBER, DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Mr. **Case**. Thank you, Mr. Chairman. My name is Edson Case. As you know, I have been nominated by the President to become a member of the Defense Nuclear Facilities Safety Board.

I am pleased and honored to be here today and to answer any questions you may have concerning my qualifications to become a member of this new Board. As you also know, your committee staff has gathered together and put before you a small mountain of material concerning my background and experience over the years. Mercifully, I will present only a very short summary of that material this afternoon.

As the record shows, I was born in Niagara Falls, NY, in 1924. After graduation from high school, essentially all of my adult career has been spent in service to the Federal Government. That service involves about 15 years as a naval officer in the U.S. Navy and about 25 years as a senior staff member of the United States Atomic Energy Commission and the United States Nuclear Regulatory Commission.

My naval service also includes several years of working directly for Admiral Rickover, as a project officer in the Naval Nuclear Propulsion Program. My service in the Nuclear Regulatory Commission includes over 10 years experience as Acting Director, or Deputy Director, of the Office of Nuclear Reactor Regulation. That office is responsible for all safety aspects of commercial nuclear power plants, including their location, design, construction, and operation.

I retired from Government service in 1985 and since that time I have periodically consulted for the Nuclear Regulatory Commission. Based upon the background and experience that I have been exposed to, as a member of the Defense Nuclear Facilities Safety Board I would expect to become known as a strong supporter of timely decisionmaking, of firm yet fair decisions, and as a strong supporter of a strong technical staff.

Mr. Chairman, I thank you for this opportunity.

Chairman NUNN. Thank you, Mr. Case. Mr. Crawford.

STATEMENT OF JOHN W. CRAWFORD, NOMINATED TO BE MEMBER, DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Mr. CRAWFORD. Thank you, Mr. Chairman, members of this committee. My name is John W. Crawford, Jr. I appreciate the confidence expressed by the President in nominating me to be a member of the Defense Nuclear Facilities Safety Board and I thank you for your willingness to consider my qualifications. I should also like to thank my wife, who, having supported me for 30 years in Government service, has encouraged me to take on this assignment that Senator Exon has so accurately characterized as a full-time job and then some.

My experience includes over 10 years in the Naval Nuclear Propulsion Program, where I became Deputy Manager, Naval Reactors, under Admiral Rickover. It includes over 15 years in the Government's Civilian Reactor Development Program, where I became Principal Deputy Assistant for Nuclear Energy in the Department of Energy.

In the aftermath of Three Mile Island, I was chairman of a Department of Energy committee which carried out an extensive survey of the safety of Department of Energy reactors. With your permission, I should like to briefly cite some key principles of nuclear safety, as I have experienced them, most especially in the Naval Nuclear Propulsion Program.

First, the most important principle by far, is that those assigned safety responsibilities must have the technical management qualifications to carry them out. This is everywhere essential, but nowhere more so than in the Government organizations which are involved.

The technical capability so established must be brought to bear in a disciplined engineering approach to all phases of nuclear programs and projects: research and development, design, construction, operation, and site restoration. Achieving safety is the responsibility of the line organization. Safety oversight organizations have an important function, but they should operate to strengthen, not weaken, the responsibility of line management.

Finally, applying these principles requires never ending vigilance and attention, especially from top levels of management. Lacking such attention, the effectiveness of even the best ordered safety arrangements and measures will tend to atrophy.

I thank you.

Chairman NUNN. Thank you, Mr. Crawford. Mr. Eggenberger.

STATEMENT OF ANDREW J. EGGENBERGER, NOMINATED TO BE MEMBER, DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Mr. EGGENBERGER. Thank you, Mr. Chairman. It is indeed an honor to appear before the Committee on Armed Services to seek your recommendation for confirmation by the U.S. Senate to be a member of the Defense Nuclear Facilities Safety Board. I believe that I have the necessary qualifications, integrity, and honor to serve the United States of America in the capacity as a member of the Board.

I have been involved with issues of nuclear safety for about 20 years, where I examined facilities related to power production, fuel recycling and manufacturing, waste processing, and waste disposal. Most of the work was in the area of nuclear safety analysis, where the effect of the facilities on the health and safety of the public was the central issue.

I have extensive experience in earthquake engineering and I have a keen interest in management issues and quality assurance. I view my job as a panel member to be important to the Nation and to me. My job is to assure the President, Congress, and the general public that the actions of the Department of Energy, related to the defense nuclear facilities, are such that the health and safety of the public are given adequate protection.

Much has been said in recent months by the President and the Secretary of Energy concerning the Department of Energy's problems at the defense nuclear facilities. These comments, along with the extensive coverage given to the situation by the press, has given the impression that there is an apparent lack of confidence in the Department of Energy by the general public in matters related to the health and safety of the public at the Department of Energy production and utilization facilities.

The problems have not occurred overnight, but have been developing over the past decades. The culmination of the decay of the Department of Energy's defense facilities was reached over the past year or two. We have seen facilities closed, contractors replaced, and the public concerned and disappointed. Blame cannot be placed on one individual or one organization, but it can be placed on the Department of Energy's inability to deal with issues related to the health and safety of the public by a lack of recognition and lack of solution of the problems. Many theories can be advanced why this is so, but at this time we can recognize several obvious conditions.

The facilities are old and most were designed and constructed over 30 years ago. As in all organizations, personnel retire and leave, and outstanding personnel resources are difficult to secure and we know that nothing can be well-accomplished without highly trained and educated personnel. Financial resources are necessary to upgrade and modernize the facilities that will help to deal with issues and problems on a timely basis.

I am willing to help provide solutions to these issues and problems by providing independent, external oversight of the Department of Energy's defense facilities by being a member of the Defense Nuclear Facilities Safety Board. I have the qualifications to serve, and I am committed to the goals of the Board. I would be pleased to answer any questions.

Thank you.

Chairman NUNN. Thank you, Mr. Eggenberger. Mr. Kouts.

STATEMENT OF HERBERT J.C. KOUTS, NOMINATED TO BE MEMBER, DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Mr. KOUTS. Thank you, Mr. Chairman. It was suggested that you might be interested in two things: one, concerning my background and how it fits me for the position for which I have been nominated; and two, what is the basic philosophy that I would apply in this position. So let me take up these two points.

I have been involved in nuclear matters since about 1950, when I left Princeton University. I have never differentiated between nuclear matters and safety of nuclear matters. To me, these were the same concept, the same thing. I have been engaged in research in many aspects of the nuclear industry from 1950. I have been engaged in matters particularly related to safety since 1962, when I became a member of the Advisory Committee on Reactor Safeguards for the Atomic Energy Commission, and became chairman of that committee in 1964.

I ended my time on the Advisory Committee on Reactor Safeguards in 1967 and became involved in safeguards activities until 1973, when I took over responsibility for research and safety for the Atomic Energy Commission, and then for the Nuclear Regulatory Commission, when I was director of research there.

In more recent years, after having gone back to Brookhaven National Laboratory, I founded the International Safeguards Project Office, which discharged the function initiated by Senator Glenn in legislation at that time, for providing special assistance to the International Atomic Energy Agency and Safeguards. And that has been a very successful activity over the years.

Since that time I have continued my interest in international matters in safety activities. I am a member of the International Safeguards Advisory Group, which advises the Director General of the International Atomic Energy in safety matters, and am now chairman of that committee.

Concerning my views, I have agreed to be nominated for the position on this Board because of my conviction of the importance of this activity. There are two vital objectives of importance in this connection: First is that the conduct of activities in the Nation's nuclear defense must be conducted in such a way as not to be a hazard to people or the environment. This is a requirement. A definite requirement. And second, is still that the vitality of the Nation's nuclear defense must not be destroyed in the process of making sure that this activity is safe.

These are sometimes thought to be opposed concepts. I do not think they are opposed concepts. And I have agreed to accept this nomination because I believe that they are not opposed. Both are important, both have to be achieved, and that is what I believe and that is what I shall be dedicated to achieve.

Thank you very much, Senator.

Chairman NUNN. Thank you, Mr. Kouts. I want to thank all of you for your statements and I am particularly grateful that people of your experience are willing to serve in this capacity.

I know all of you have been very much involved in the nuclear field for a long time. And I also believe that all of you could find more lucrative and rewarding—financially rewarding—use of your time. But I also would agree with the sentiments expressed by most of you that this is an extremely important job for the safety and health of our Nation and also for the security of our Nation.

Mr. Conway, would you give us your list of priorities assuming you are confirmed? How will you go about your job? What recommendations will you be making to the Board about the top priorities of the Board?

Mr. CONWAY. In my written response to some of the questions put to me by the committee, I did indicate that the top priority, or one of the primary priorities, as I saw it, was the restarting of the production reactor in Savannah River. That is because, as I have read in the papers, and as I have been informed, having heard the Secretary of Energy testify, that is the top priority for the Department of Energy.

As I read the language of the law that sets this Board into being, and also the report from your committee that accompanied the bill reported out of committee, our primary responsibility is to assist the Department of Energy—the Secretary of Energy in completing his job of meeting the needs of the country, but at the same time protecting the health and safety of the public.

That is, I think, the first order of business and where we have responsibility. However, I have not recently had access to classified information. I have been in touch with the Department of Energy and asked to process my clearance as quickly as possible, so I can get off fast and running. And I would expect to sit down with the other members of the Board, some of whom who have been following this matter for quite a while, and work out orders of priority, recognizing there are other matters presently pending in the Department of Energy that may require our immediate attention.

One of the things I also recall in your comments or, at least, the comments of the committee report accompanying the bill, is the importance of restoring the confidence of the public in the work of the Department of Energy. I think that is very, very important. And I do recognize that there are problems out in these various facilities, that at one time I was fairly knowledgeable of, but it has been a while now since I visited them that requires some attention including waste problems.

My intention is to call a meeting of the Board, and once we are each cleared and qualified to have access to the classified information available at the Department of Energy, we will set up our priorities. That is as I see it as of now, sir.

Chairman NUNN. Thank you. I am going to ask the clerk to notify us after 6 minutes of questioning.

Mr. Crawford, in a report you wrote in 1981 assessing the safety of the Department of Energy nuclear reactors, you stated that a major concern was "lack of adequate attention by the Department of Energy headquarters organizations, the nuclear safety aspects of its reactors." You also expressed concern about the "lack of sufficient numbers of highly competent technical people in headquarters organizations with nuclear safety responsibilities." Would you make the same diagnosis today?

Mr. CRAWFORD. On the basis of what I know, I would make the same observation today, sir. And I do so on the basis of several factors.

One, several studies have been made since the study by the committee of which I was chairman. One was carried out by the National Academy of Sciences 2 or 3 years ago and pointed out the lack of technical management capability. There was another study group of which I was a member intra the Department of Energy that focused on or that illuminated the difficulties the Department is having in technical management capability. I have also read Secretary Watkins' statements wherein he characterizes the situation in that regard in pretty much the same way.

The focus of my attention and concern in this matter derives to a certain degree from service in the Naval Reactors Program. For 3 years I was Admiral Rickover's deputy, responsible under him for the selection and training of officers and men of the Naval Nuclear Propulsion Program. He personally devoted a large measure of his attention to the selection and training of personnel and removal of people who did not perform adequately. And I believe that the performance of the Naval Reactors Program is a direct reflection of that emphasis.

Moreover, having moved over to the Atomic Energy Commission, under the leadership of Commissioner Ramey and Milt Shaw, we tried to do some of the same things there with, I think, a considerable measure of success. And it is those aspects of the matter that lead me to a continuing concern for this central problem of lack of technical management capability.

Chairman NUNN. Thank you Mr. Crawford. Mr. Case, in terms of Savannah River reactors, Mr. Conway has said that will be one of the top priorities. How do you view the role of the Safety Board, in terms of restarting the Savannah River reactors? What do you believe the Board should set as its own criteria and its own standards?

Mr. CASE. Well, first, I would agree with Mr. Conway as to the priority that the Board ought to give to the restart question. I think it is one of the most important questions facing the Department of Energy. They are giving it high attention and high priority and, I think, we will have to do the same.

With regard to what we should look at in considering the start-up, a short answer, Senator, is everything important to nuclear safety. And I do not believe, since I have not yet gotten the details available to me, that I can be more specific than that at this time.

But it is a big job. It fits the Senator's statement that it is more than a full-time job just to work on the Savannah River reactors. But we will give our prompt attention to those start-ups.

Chairman NUNN. Mr. Eggenberger, could I ask you the same question?

Mr. EGGENBERGER. The Savannah River start-up activity has some very special issues associated with it. The issue of old facilities brings forth the concern if and to what extent current technologies in nuclear safety have been applied in the upgrades of existing facilities. For example, in a particular area that is related very much to design, we know that standards and criteria have changed considerably since the construction of many of these facilities. It is necessary to evaluate the Savannah River facilities in this light. Furthermore, I place a high priority on looking at these problems, whether they be seismic issues or whether they are general issues that can affect safety.

Another item that is very important to me is the overall management of the operations of the facility. I believe that the people problem which was alluded to earlier is just as important as the design and engineering problem. Also, it is important to assure that once modifications and upgrades are made to facilities, the facilities will operate in the manner that they are predicted to operate.

Chairman NUNN. Thank you. My time has expired. Senator Glenn, under the early bird rule, you are next, and then we will go to Senator Exon.

Senator GLENN. Thank you, Mr. Chairman. Gentlemen, there is an article in the New York Times today about some of the explosive risks from the Department of Energy's high level radioactive waste tanks. It says, in part, that we have had a report on those risks that has been done for some time. There is a later report that says that that report was delayed because of some critical reviews or some other reason. It also indicates a problem that the Soviets have had. They had a big explosion in 1957 from some of their mixed waste facilities, apparently.

I know that you are going to be concentrating a lot on the reactors and getting them on line safely and whether we need ultrasonic testing and all the things that you are familiar with, that we are going to have to do in that area. But I hope that, with respect to characterizing some of the older problems at these sites, that are still of major public health and safety concern, you put part of your time in those areas too because I think we have potentially some impending disasters looming in those areas.

I do not know whether you have a plan yet, as to how you are to devote your time, and how you plan to get into these matters—the current operations versus the waste clean-up, for example as we progress into it—but I would appreciate any comments you might have. Mr. Conway.

Mr. CONWAY. Yes, sir. I did see the article this morning. And one of your staff was kind enough to make available to me a copy of that report. I have not had a chance to read it, and I will do so this evening.

While I was waiting for the hearing, I read through the bill that set up our Board. I have read it through more than once. There is some question as to some of the areas in which we may or may not have jurisdiction. That is one of the things I would hope to do, when we first meet as a Board when we are confirmed, try to identify the particular facilities that we do have jurisdiction and those obviously that we do not. There may be a line that is not quite clear between which we may or may not have jurisdiction.

But one of the key areas I see in the act that sets this Board into being is in section 312, Roman numeral II, investigations; "the Board shall"—and that is mandatory—"the Board shall investigate any event or practice at a Department of Energy defense nuclear facility, which the Board determines has adversely affected or may adversely affect public health and safety." Now, I take that quite serious. And I will be utilizing, I believe, to the extent that I have a say on the Board, that particular responsibility. We will give it a great deal of attention.

Senator GLENN. Thank you. Anyone else care to comment? Yes, Mr. Crawford.

Mr. CRAWFORD. Yes, sir. Senator Nunn mentioned a study of a committee of which I was chairman that was issued back in 1981. One of the recommendations of that study, recognizing that the committee had only addressed the safety of Department of Energy reactors, and well aware as we were that the practices that pervaded the non-reactor nuclear facilities of the Department of Energy, were probably in a more parlous state than reactors, we recommended at that time that the Department of Energy carry out a high level study on non-reactor nuclear facilities comparable in scope and in depth to the one that we had done for reactors. I think that you know that such a study and such attention is long overdue.

Senator GLENN. Do you believe that the Safety Board should be involved in reviewing safety activities that were not included when the Board was created? For some other reasons, the Nevada test site, and Pantex, where you do the final assembly and so on, were left out of the Board's purview. Yet we already know some problems at those sites also. It was my feeling that they should be included at that time; but for other reasons as I said, they were left out. Do you think they should be included if you are to do the job that you should do?

Mr. CONWAY. Senator, I think in the bill we are mandated to make a study that must be reported to this committee at the time we make our first annual report. And that study has to be started fairly quickly in which we are to look into what other facilities, other than those designated in the bill, that we would recommend be included in this or some other outside review group. So I think we are mandated by the law, as I read it, to do just that.

Senator GLENN. One of the things that we found in looking into some of this was that apparently Department of Energy standards and safety policies at headquarters have not been bad. They have been pretty good through the years. Now there might be some question on that, I do not know. But one of the biggest problems has been that these things were not carried out the way they should have been downstream, at the local level, under the contractors running particular facilities.

I have no doubt that you will be getting into these standards and safety policies and reviewing those as you well should as a place to start out. I hope that you will also go downstream and see how these things are being carried out at the various sites. I think that is where some of the problems have developed. It is one of the areas where Secretary Watkins has faced his biggest challenge. Anyone care to comment on that one? Yes, Mr. Crawford.

Mr. CRAWFORD. One of the enduring problems, as the transit has been made from the AEC to ERDA and on to the DOE, is the inability of the agency to get out a coherent set of standards applicable to the various facilities. We worked in ERDA for 2 years to get out an agency policy on standards and on the utilization of standards in the agency and got it signed by the Deputy Administrator of ERDA. And then the agency went out of business, and we started from scratch in the Department of Energy. And there never has been a meaningful policy on standards. So it is an enduring problem.

Senator GLENN. Mr. Eggenberger.

Mr. EGGENBERGER. I believe that there is a problem if standards exist and look good at headquarters and they are not being implemented in the field. This certainly is a reflection on the management scheme. And the process of how orders are passed down to the field is an important phase of implementation. My understanding is that the Secretary is making a considerable effort to better define the line-of-command such that there is a line responsible for safety, where it should be. Along with this, of course, comes implementation of standards because standards do have a relationship to safety. I view this as a management problem.

Senator GLENN. Mr. Case.

Mr. CASE. I would just like to add to your thoughts, Senator, that implementation of standards is a very important aspect of the problem. Because beautifully written standards, if they are not implemented, will do you no good.

Senator GLENN. There is no standard at all, unless it gets put into practice.

Mr. CASE. Yes, sir. That's right.

Senator GLENN. Thank you, Mr. Chairman.

Chairman NUNN. Senator Exon and then Senator Warner.

Senator GLENN. Will we have opportunities to submit additional questions?

Chairman NUNN. Yes, we will have another round, too.

Senator GLENN. I mean in writing because I have another commitment this afternoon.

Chairman NUNN. Yes, I know they would like to accelerate the process, and we would also. So whatever we do in writing, I would hope that it would not hold up the consideration.

Senator GLENN. The last thing I want to do is delay this work getting on the job.

Chairman NUNN. Senator Exon.

Senator EXON. Thank you very much, Mr. Chairman. Gentlemen, just let me emphasize, once again, how indebted we are to you, and how critically important I think this is. Because, in addition to doing a study and making recommendations, we are looking to you to do the overall important job of reestablishing some confidence in the system. To have the people of the United States better understand the situation than they do now. Many of them are very legitimately upset about what is going on, as many of us here in Congress have been upset.

Just as an aside, I want to tell you what is going on in Nebraska today. Nebraska was fortunate enough, or unfortunate enough, to be selected as the waste site for the low-level nuclear waste in a five-State compact area.

We have a major problem on our hands in Nebraska today in terms of low-level waste—A, B, and C waste that you are familiar with. We have three communities that have been selected as possible sites. They have had recall elections in two of the three localities, for county commissioners, for county clerks. We have had skunks left on door steps. We have had boycotts of businesses, because they are for or against a possible site location.

I cannot tell you what a serious situation this is—we have families split. I just read a story last night, an in-depth story, that family members, brothers are not speaking to each other, because one is on one side of the issue, and one is on the other side of the issue.

The fear factor, I am afraid, is getting totally out of control, some of it is justified, but it is getting totally out of control. I think what we have to do is be constructive, be hard-hitting. And if nothing else, that is why I am not going to submit any questions to you on down the line.

I want you to get on with the job—the super-human job that you are going to have to do—to re-establish some confidence. We are in the nuclear age, whether we like it or not. It is going to be with us, whether we like it or not. And I believe that, as much as I am for safety, we must, above everything else, convince citizens and come up with workable goals and programs that can assure all the people of the United States, that while this nuclear business is dangerous if it is not handled right, it is not necessarily something that cannot be handled properly and safely if we know what we are doing.

And the good Lord, in many instances, has given mankind the wherewithal to do away with himself or ourselves. And I suspect that the nuclear devices are one of those—and nuclear production is another one of these problems that we deal with.

I only point that out when I see in Nebraska the concern for low level nuclear waste. You can imagine the problems. And I hope that everybody can imagine the difficult problems that you are facing.

Tell me, and I assume you are familiar with this, do we have problems in Europe? Let us take France, for example, where they have substantial generation of power from nuclear facilities. Is there the same concern and fear in France that I think we have all run into in the United States? How have they handled that?

Mr. CONWAY. Senator, I think two of the members of the Board have been involved with the International Atomic Energy Agency. And I think it might be most appropriate for Mr. Kouts or Mr. Eggenberger to comment on that.

Senator EXON. Please, Mr. Kouts.

Mr. KOUTS. Senator, there certainly have been concerns in other countries. In some countries, concerns have been higher than they have been in the United States, as a matter of fact. For instance, in Sweden there was a vote to phase out nuclear power which still stands on the books. This may or may not take place, finally, but it is still on the books. Some countries have decided not to adopt nuclear power at all.

Now the attitudes in France are, though problems are there too. Some French people are very concerned. And the proposals to put nuclear plants in some places have led to decisions, in a few cases, not to put those plants in—not to build them. But by and large, nuclear energy is accepted better in France. It is accepted better in a number of countries than it is accepted here.

As for low-level waste, I really should point out that a good fraction of low-level waste comes from medical activities. And, in fact, in Nebraska, I suspect that most of the low-level waste that will be disposed of in whatever site is chosen, will come from hospitals where nuclear medicine is used to the advantage of the people of Nebraska.

Senator EXON. I think that is true. I believe that something like 80 percent to 83 percent of the waste in Nebraska is from tools that have been partially contaminated at our two nuclear plants in Nebraska. And coupled with that is the medical waste. But it is not only from Nebraska. We are getting a high percentage of nuclear hospital waste from the other four States.

But the point I am making, yes. And the people understand that. And many of them agree that that is necessary. But unfortunately we are in a situation today that there is such a fear factor by so many people. I am glad we have nuclear medicine, but I just wish the waste could be disposed of in somebody else's backyard.

And, so it is a very difficult problem. And unless we can come up with better answers and present more convincing evidence that we can have a high degree of safety in low-level nuclear dump facilities, I do not know how we are ever going to satisfy those on the high-level. My time is up. I will be here for another round.

Chairman NUNN. Thank you, Senator Exon. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I join with you in welcoming this panel. As I reflect back on a good many years in public service, I cannot remember a group of individuals more highly qualified and yet a more difficult set of goals that you have to meet. We are fortunate as a nation to have you come forward.

I had some experience in the Navy Department. And I always reflect on the safety record that the Department of Navy had. How essential nuclear power is to the Navy. We achieved—I say we—the Department achieved that record through a lot of hard work, acceptance by the men and the women who deal with these plants.

And yet we have a parallel situation in our civilian sector, where, as my colleague said there is a fear factor, as I would characterize it: the mystery and mystique that surrounds nuclear power, still after these many years. And I hope you are able to penetrate that, so that America once again can be put on a level playing field. Because our energy costs, some day, will take us out of the world market, the market we must complete in. And, as stated that France has accepted it, West Germany, Japan, our principal trade partners, are using nuclear power and we are just falling further and further behind. So, I wish you luck. You will have my strong support.

Thank you, Mr. Chairman. I would like to ask questions that follow up, I think, on some of Senator Glenn's issues. Mr. Conway, do you envision that there might ever be a conflict between safety requirements and imprecise, hastily drawn, and conflicting environmental laws and regulations?

Mr. CONWAY. I would certainly hope not. I think again, our principle responsibility is to make sure that the public is not exposed to any unacceptable risks; that there is no undue risk, if you will, to the public and also to the employees, obviously, that work at these facilities.

God knows what Congress in its wisdom may decide in years to come. But I would certainly hope that environmental laws, as they are passed, will take into consideration other safety factors. And one of the great safety factors, I think, as long as we need a nuclear deterrent, and as long as that nuclear deterrent is essential to the safety of this country, I look upon that as a health and safety matter. The Atomic Energy Act, as originally written, as it still exists today, points out that the security of this Nation and the use of nuclear power, is of paramount importance. So I hope that we keep that in mind.

Senator **Warner**. During the course of our meeting, you expressed a knowledge and long association with the Department of Navy in another field. But the Navy has had a success record. Why has that record been so successful, and unsuccessful in the civilian sector? Both here in the United States of America, both institutions, the Navy and the private sector?

Mr. **Conway**. Well, if I might characterize it a little differently, sir. I was very close with the Navy for over 12 years when I was on the Joint Committee on Atomic Energy. My principle assignment when I first went on and continued right through the period of time I was staff director, was in the military applications. I worked very closely with Senator Jackson, who was chairman of the Subcommittee on Military Applications.

I have been out on the submarines, when they went out on their sea trials. I have been on the nuclear surface vessels as they came off the line. And I have known and worked with Admiral Rickover those years, and with Jack Crawford, when Jack was deputy. I think Jack put his finger on it, when he pointed out that it was the training and education of the personnel. It was that that was an important factor. Now, also, the civilian program has come around—came around after the nuclear Navy.

Senator **Warner**. Well, they had the benefit of the learning curve.

Mr. **Conway**. Correct. But they did not have the experienced personnel at first. I was chairman for 8 years of a nuclear facility safety committee at Indian Point. And one of the first things I did when I took over the chairmanship of that organization was I looked for competence in the nuclear field.

My company, Con Edison, had sent some of their key engineers to the Navy for training. They actually worked with the Navy for a number of years in the prototype plants and then came back to the company. That was in the early 1955–1956 period. So we had a little of that knowledge. But for operating personnel, initially, the operating personnel we had were people who had been trained on fossil plants. Through the long established procedures in the civilian utility field, operators come up through the ranks.

One of the first things I did was to respond, and our company did do, was to go out and try to hire personnel that had been trained in the Navy, who had operated nuclear submarines and surface vessels. We did not go out and make a raid on the Navy, because the Navy was having a hard time itself bringing in and retaining trained personnel. But we did ask for and did get notices when personnel were leaving the Navy on their own volition. Those people we went out to try to recruit.

Senator WARNER. Why didn't the civilian sector set up a comparable training program?

Mr. CONWAY. It took a while to do, and they do have it today in the civilian side. Today, we have over 10 civilian nuclear plants operating. But it was a learning curve as it came along. And I must say, they learned much of it from the Navy.

Senator WARNER. But Mr. Crawford———

Mr. CASE. But they also learned some of it based on bad experiences.

Senator WARNER. Beg your pardon?

Mr. CASE. Some of the things that the civilian industry has learned, rather than coming from the Navy, has come through bitter experience. And it took that to move them forward in a number of areas.

Senator WARNER. We can only stand very little bitter experience in this industry before the public is turned off again.

Mr. CRAWFORD. I would like to add one or two comments along in the same vein. First, to give you a couple of snapshots of what was done in the naval reactors program.

When we wanted young people out of college, we turned to the naval ROTC units in 50 or so colleges. An individual who stood in the top tenth of his class in science or engineering could apply for, and be assigned, to the naval reactors organization. And from that source over the years, if one examined the naval reactors organization today, it would be seen that the preponderance of people came out of that source. Furthermore, the option to do such things is open to the Department of Energy.

For example, in 1964, when the AEC, under the leadership of Commissioner Ramey, decided they were going to upgrade the civilian reactor program, they undertook to do some of the same things. They instituted an intern program. They started growing their own. They went and solicited people that had prior naval reactors experience. So it can be done, if you will to do it. And if you determine that the first order of business is getting the people.

Senator WARNER. I will return to this issue, Mr. Chairman, as my time has expired.

Chairman NUNN. Senator Dixon, we have had round one. So it is around to you, if you would like to ask questions now.

Senator DIXON. I have no questions, Mr. Chairman. Thank you.

Chairman NUNN. Senator Exon.

Senator EXON. Mr. Chairman, I have some other questions here. They have really basically been answered by the panel. And, in the interest of saving time and getting them to work, I will refrain from asking some questions that I think I already know the answer to.

I just want to salute this panel again, for what we expect out of you, for taking this tremendously important assignment. And I will only harken back to what is going on in Nebraska today because it is always easy for those whose backyard is not going to receive the nuclear waste, to be very much up-front, very positive about the issue. But they are not having to take the waste.

Or to put it another way, I have said, as a Governor of 8 years and now at two terms in the U.S. Senate, I think I have demonstrated an ability to study things out and come to an independent decision. And on the nuclear waste business, I have studied it very carefully, and I have come to the independent decision that the nuclear waste dump should not be in my backyard, but in somebody else's backyard.

Please, please understand that is with complete objectivity. Therein lies the problem that we have in this country today; therein lies the problem in Nebraska. The fact that we have a crying need for the disposition of DOD waste today. It was supposed to start going to a storage place in New Mexico, and now that has been held up.

I just say that we are appealing to you, and thanking you for coming forth to take on this difficult task. And please feel free to call on this Senator, whenever I can be of any help. And we will be looking forward to your report.

Mr. CONWAY. Thank you, Senator Exon.

Chairman NUNN. Thank you, Senator Exon. Mr. Kouts, you are one of the authors of a report by the International Atomic Energy Agency called, "Basic Safety Principles for Nuclear Power Plants." Do you believe these principles can and should be applied to Department of Energy defense reactors? And how do they compare with the current safety standards for commercial nuclear reactors?

Mr. KOUTS. I think most of the principles in that document could be applied to Department of Energy reactors. There are differences in some respects between the reactors in the commercial sector and the Department of Energy reactors, which make some of the principles not apply to the Department of Energy facilities. But, by and large, these principles would apply.

I think that the principles are somewhat beyond the level of application in the commercial sector at present. That is, these are our principles, that the International Atomic Energy Agency group that I was with considered would guarantee a level of safety even higher than safety achieved now. And I certainly believe that wherever these principles can be applied to Department of Energy reactors, they should be applied to Department of Energy reactors. They should represent a checklist to be used in assessing safety of plants of that kind.

Chairman NUNN. Mr. Conway, the Safety Board may hire up to 100 full-time employees as staff. How do you intend to go about recruiting that staff? And what would be the general qualifications you would be looking for?

Mr. CONWAY. In consultation with the other Board members, what I would propose would be not to go out and hire up to 100 people. I would hope that initially we would start with a relatively small group. I would hope to be able to utilize the services and personnel of other agencies, in so far as the act itself permits us to do, even suggests that we do.

I would hope to be able to borrow and utilize some of the Advisory Committee on Reactor Safeguards personnel. I would hope that we could draw upon the National Laboratories, and on a temporary basis, some of their people. Each one of the other members of the Board has experience with a large number of technically competent personnel that we would hope to be able to draw upon. And I would propose that we do this quickly, obviously. But that initially, we would take qualified people on temporary assignments through the utilization of personnel from other agencies until we get and can select a very good, strong, hard core of people.

I appreciate the fact that the act authorizes us to hire up to 100 equivalent full-time employees. But as I say, I think I would like to do that very gingerly at first by picking some very, very good people on a temporary basis at least at first. We will try to develop a few permanent staff. But obviously, I would like to sit down and work in consultation with the other Board members as to who they would be.

Chairman NUNN. Do any of you, and I will pose this to each member here, do any of you have any doubt about the statutory authority you have in terms of your ability to do an objective and independent analysis, and to state your true opinion? Would you feel that you have that ability under the statute? Mr. Case.

Mr. CASE. Yes, sir, I do.

Chairman NUNN. Mr. Conway.

Mr. CONWAY. The answer is affirmative.

Chairman NUNN. Mr. Crawford.

Mr. CRAWFORD. Very definitely, sir.

Chairman NUNN. Mr. Eggenberger.

Mr. EGGENBERGER. Yes, sir.

Chairman NUNN. Mr. Kouts.

Mr. KOUTS. Without question.

Chairman NUNN. Thank you. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I would like to return, Mr. Conway, to our earlier question on the possible conflict between safety requirements and imprecise regulations and direct your attention to the Rocky Flats situation, where I am advised that the failure of the Environmental Protection Agency to license either storage or disposal of the waste, puts the Department of Energy in an impossible position of violation of the environmental laws.

Mr. CONWAY. I am sorry. I am not sure I know the question, sir.

Senator WARNER. Well, am I correct or not, that there is a conflict between the regulations at Rocky Flats, a failure of the Environmental Protection Agency to license either storage or disposal?

Mr. CONWAY. I know the problem from what I have read in the papers. I have not been privy to the details at Rocky Flats. And I assume some of the information may or may not be classified. Obviously, when I take on this assignment, if I get the approval of your committee and the Senate, that is one of the areas, very definitely, we will have to be looking at.

Senator WARNER. Mr. Kouts, the special isotope separation plant in Idaho will be the Nation's only source of plutonium until a new production reactor comes on line. SIS, as it is called, is an exciting new technology, but very much unlike technologies for isotope separation and plutonium handling used by the Department of Energy up to the present time; it is being assailed by some as dangerous, untested. Will the methods of risk assessment allow you to make a judgment on the safety of SIS?

Mr. KOUTS. I am reasonably familiar with the special isotope separation facility and the technology that it uses. I do not know of any specific safety problems attached to that technology. But that is not a question as such which we have explored, and it certainly is one which should be explored by this panel. I would expect from what I know that we will come up with a conclusion that it is a relatively benign technology, but I would not commit myself to that.

Senator WARNER. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Warner. Gentlemen, we are going to try to move these nominations as soon as possible. All of you have tremendous backgrounds and credentials as we have already said. There are a couple of problems on conflict of interest that we are looking into that are not big problems. They do not appear to be insurmountable, but we will have to spend a little more time looking at those. We may have to be back in touch on those. But other than that, I think we will be able to move rather rapidly. We appreciate your being here. We take note of your confidence that you have every authority under the statute to give your own frank, candid, independent, and objective analysis. And that is what we are going to rely on. So, good luck to you.

This hearing is adjourned.

[Whereupon, at 3:27 p.m., the committee adjourned.]

[Prepared questions submitted to Edson G. Case by Senator Nunn prior to the hearing with answers supplied follow:]

SEPTEMBER 5, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In connection with the President's nomination of me to be a member of the Defense Nuclear Facilities Safety Board and in accordance with the Committee's request of August 15, 1989, there are enclosed answers to 11 questions concerning a number of important issues related to the Defense Nuclear Facilities Safety Board.

If you need any further information, please let me know.

Sincerely,

EDSON G. CASE.

Enclosure: As noted above.

MOST SERIOUS PROBLEMS

Question 1. What, in your view, are the most serious problems in ensuring that public health and safety are adequately protected at Department of Energy defense facilities?

Answer. Currently I have no first-hand knowledge of any serious problems in assuring that public health and safety is being adequately protected at DOE defense nuclear facilities. However, a potentially serious problem in assuring adequate protection of public health and safety at these DOE facilities which has been called to my attention is the currently small number of DOE Headquarters or Field Office staff members who are considered to be technically qualified by training or experience to independently evaluate the nuclear safety aspects of these facilities.

RESPONSIBILITIES

Question 2. Should you be confirmed as a member of the Defense Nuclear Facilities Safety Board, what would you view as your principal responsibilities?

Answer. The principal responsibility of the Defense Nuclear Facilities Safety Board is to make whatever recommendations to the Secretary of Energy with respect to Defense Nuclear Facilities the Board determines are necessary to ensure adequate protection of public health and safety. One of the principal methods by which the Board can assure that adequate protection of the public is being provided is by itself acquiring and retaining a highly qualified technical staff to assist the Board in carrying out its responsibilities.

REVIEW AND EVALUATION OF SAFETY STANDARDS

Question 3. Section 312 of the Atomic Energy Act directs the Defense Nuclear Facilities Safety Board to "review and evaluate the content and implementation of the standards relating to the design, construction, operation, and decommissioning of defense nuclear facilities." What specific approach would you recommend the Safety Board take to conducting this review and evaluation and what would be the first standards you would recommend the Safety Board review?

Answer. In order to carry out the review and evaluation of DOE nuclear safety standards required by the Act, I would have those DOE staff members responsible for the development of a particular standard and those responsible for its implementation present a written and oral justification for the proposed standard to the Nuclear Safety Board. The Safety Board, with the help of its staff, would then determine and document its position with respect to the standard and make whatever recommendations it determines are necessary to ensure adequate protection of public health and safety.

Among the first DOE standards to be considered by the Safety Board should be those which are among the broadest in scope and coverage, such as those DOE standards that parallel the NRC's General Design Criteria. Broad procedural standards related to Defense Nuclear Facilities, in addition to those broad technical standards discussed above, should also be among the first group of proposed DOE standards to be reviewed by the Safety Board.

OVERSIGHT RESPONSIBILITIES

Question 4. In your view, do the responsibilities of the Defense Nuclear Facilities Safety Board overlap with the internal safety organization of the Department of Energy, and if so, how would you recommend the responsibilities of the Board be clarified?

Answer. I am not sufficiently familiar at this time with the responsibilities and activities of the DOE internal safety organization to comment on whether there is an unnecessary and/or undesirable overlap with the responsibilities and activities of the Nuclear Facilities Safety Board.

Question 5. What type of organizational and operational arrangements should exist between the Defense Nuclear Facilities Safety Board and the Advisory Committee for Nuclear Facility Safety, and what should be the extent of interaction and coordination between the two organizations?

Answer. I am not sufficiently familiar at this time with the duties and practices of the Advisory Committee for Nuclear Facility Safety to comment on its relationship with the Nuclear Facilities Safety Board or the desirable extent of interaction and coordination between the two Groups.

Question 6. In your view, is the model for operation of the Defense Nuclear Facilities Safety Board more like that of the Nuclear Regulatory Commission, with the long-term objective being formal regulation of the Department of Energy's defense facilities, or more like that of the NRC's Advisory Committee on Reactor Safeguards?

Answer. In my view, the model for operation of the Defense Nuclear Facilities Safety Board should be more like that of the Nuclear Regulatory Commission, with the long-term objective being formal regulation of the DOE defense nuclear facilities, rather than more like that of the NRC's Advisory Committee on Reactor Safeguards.

RESTART OF THE SAVANNAH RIVER REACTORS

Question 7. What role should the Defense Nuclear Facilities Safety Board have in the restart of the Savannah River reactors?

Answer. The Defense Nuclear Facilities Safety Board should conduct an independent safety review of the proposed restart of the Savannah River reactors and provide its recommendations and conclusions concerning the proposed restart to the Secretary of Energy.

NEW PRODUCTION REACTOR

Question 8. What role should the Defense Nuclear Facilities Safety Board have in the acquisition of new production reactor capacity?

Answer The Defense Nuclear Facilities Safety Board should conduct an independent safety review of the new production reactor facilities proposed to be acquired by DOE and provide its recommendations concerning the design, construction and operation of these facilities to the Secretary of Energy.

PRIORITIES

Question 9. To which Department of Energy defense nuclear facilities would you recommend the Safety Board first direct its attention?

Answer. Based on my limited understanding of the status and priority being given by DOE to the restart of the Savannah River reactors, I would recommend that the Safety Board initially direct its attention to the safety considerations related to the restart of these reactors.

INVESTIGATIONS

Question 10. Section 312 of the Atomic Energy Act provides that the Defense Nuclear Facilities Safety Board shall "investigate any event or practice at a Department of Energy defense nuclear facility which the Board determines has adversely affected, or may adversely affect, public health and safety." What types of investigations would you recommend the Safety Board undertake?

Answer. With regard to the investigations by the Safety Board of events or practices at DOE defense nuclear facilities which have or might adversely affect public health and safety, I am reluctant to speculate on the types of investigations which might be conducted to carry out these responsibilities since such speculation might in some fashion tend to limit the authority of the Safety Board to conduct at some later time whatever types of investigations it deems necessary in a particular circumstance to carry out its statutory responsibilities concerning these events and practices.

SAFETY STANDARDS

Question 11. In your view, how closely should the safety standards for Department of Energy defense nuclear facilities parallel NRC regulations that govern the operation of commercial nuclear reactors?

Answer. In my view, the safety standards for DOE defense nuclear facilities should very closely parallel those NRC regulations that govern the operation of commercial nuclear reactors. The differences between the two kinds of standards on similar subjects should generally be limited to those needed to take into account or permit the taking into account the differences in benefits to national defense and security afforded by operation of the two kinds of facilities.

[Questions for the record with answers supplied follows:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

REVIEW OF SAVANNAH RIVER

Senator THURMOND. In your response to the advance question regarding the restart of the Savannah River site reactors, you indicate that the Board should conduct an independent safety review of the proposed restart. When would you recommend this independent review begin and what specific areas would you recommend the Board review?

Mr. CASE. I would recommend that the Defense Nuclear Facilities Safety Board commence its independent safety review of the proposed restart of the Savannah River reactor immediately after the Board has been constituted. The specific areas that the Board should review will be determined as the Board's review progresses, but in any event will include all those areas that could have a significant impact on the health and safety of the public.

[The nomination reference of Edson G. Case follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
August 4, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

The following-named person to be a Member of the Defense Nuclear Facilities Safety Board for a term of one year: Edson G. Case, of Maryland. (New Position)

[The biographical sketch of Edson G. Case, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF EDSON G. CASE

SUMMARY OF FEDERAL EMPLOYMENT HISTORY

January 1975 to date, Nuclear Regulatory Commission, Deputy Director, Office of Nuclear Reactor Regulation, ES–5.

January 1973 to January 1975 Atomic Energy Commission, Deputy Director, Directorate of Licensing GS–18.

February 1967 to January 1973 Atomic Energy Commission, Director, Division of Reactor Standards, GS–18.

September 1966 to February 1967, Atomic Energy Commission, Deputy Director, Division of Reactor Licensing, GS–17.

March 1964 to September 1966, Atomic Energy Commission, Assistant Director, Division of Reactor Licensing, GS–17.

December 1961 to March 1964, Atomic Energy Commission, Assistant Director for Facilities Licensing, STS.

October 1960 to December 1961, Atomic Energy Commission, Chief, Reactor Safety Branch, NES.

June 1958 to October 1960, Atomic Energy Commission, Nuclear Engineer, GS–15.

April 1957 to June 1958, Atomic Energy Commission, Reactor Engineer, GS–14.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Edson G. Case in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Edson G. Case.

2. **Position to which nominated:**

Member, Defense Nuclear Facilities Safety Board.

3. **Date of nomination:**

Intent to nominate published June 23, 1989. Nomination pending (7/31/89.)

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

Born January 5, 1924, Niagara Falls, New York.

6. **Marital status:** (Include maiden name of wife or husband's name.)

Married to Mrs. Rita Moran Case on November 25, 1947.

7. **Names and ages of children:**

Kathleen Weeks—41; Constance Bradley—39; Christopher Case—38; Edson Case, Jr.—37; Michael Case—35; Gregory Case—30.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

U.S. Naval Academy, 1943-1946, Bachelor of Science, 1946.

Massachusetts Institute of Technology, 1949-1952; Naval Engineer—1952.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

1985-present—Self-employed consultant to U.S. Nuclear Regulatory Commission, Washington, D.C.

1979-1985—Deputy Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, D.C.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Self-employed consultant to U.S. Nuclear Regulatory Commission.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

None.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Meritorious Executive, United States Senior Executive Service—1982.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:** (a) Do you know why you were chosen for this nomination by the President?

No.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My background and experience in reaching independent judgements concerning the safety and licensability of proposed commercial nuclear facilities will be directly applicable to the similar judgements that must be reached by the safety board concerning defense nuclear facilities under the jurisdiction of the safety board.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Edson G. Case.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, and if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

EDSON G. CASE.

This 16th day of August, 1989.

[The nomination of Edson G. Case was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 18, 1989.]

[Prepared questions submitted to John T. Conway by Senator Nunn prior to the hearing with answers supplied follow:]

September 4, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR SENATOR NUNN: Thank you for your congratulatory letter of August 15. I very much appreciate your willingness to schedule a hearing in the near future to consider my nomination to serve as a member of the Defense Nuclear Facilities Safety Board.

I will make myself available at whatever time and place is convenient to the Committee and be prepared to respond to questions of the Committee members and staff.

Attached are answers to the questions that accompanied your letter which I hope you will find to be responsive.

Sincerely yours,

JOHN T. CONWAY.

Attachment.

MOST SERIOUS PROBLEMS

Question 1. What, in your view, are the most serious problems in ensuring that public health and safety are adequately protected at Department of Energy defense facilities?

Answer. I have not in recent years had access to classified reports or been privy to first-hand knowledge by visits to DOE defense facilities. Nevertheless, there are basic factors that are common to the safe operation of potentially dangerous equipment that I have learned by experience. Based on that and on statements attributed to the DOE Secretary and those who have in the past several years investigated safety problems at the nuclear defense facilities, it appears that the most serious problems are the following:

Facilities are old

In addition to the normal concern one should have to the aging effect on component parts, is the fact that the facilities were designed and constructed decades ago without benefit of 20–30 years subsequent design, construction and operating experience;

Personnel

Modern technology requires highly competent, well-trained personnel thoroughly educated in the complex details of their work at all operating and supervisory levels. Over the years, the loss of technically competent personnel without comparable replacement has to be a significant problem, particularly if updated operating instruction, based on accumulated experience, is not maintained;

Radiation levels

High technology facilities, particularly those employing large energy, constitute some risk to the health and safety of employees and the public at large. Nuclear facilities are unique in that radiation is an added potential danger. A problem that must be constantly addressed is the requirement to keep exposure as low as practical (ALAP). The buildup of nuclear waste over the years needs to be addressed in a manner that protects the health and safety of the public and the employees. Coupled with this is the need to restore public trust in DOE's management of the facilities in order that essential work can be performed as needed in a timely manner and not be hindered by local opposition;

Adequacy of funds

Sufficient funds must be made available to DOE to assure existing facilities can be operated in a manner that does not constitute an undue risk either to the public or the personnel operating the facilities.

Since existing plants have a limited life expectancy, sufficient funding should be made available to construct state-of-the-art, new facilities in a timely manner. To the extent that a nuclear deterrent continues to be essential to the security of the Country, the maintenance of our stockpile is very important to the health and safety of the public. Sufficient funds also must be available to clean up the accumulated waste in a safe manner.

RESPONSIBILITIES

Question 2. Should you be confirmed as a member of the Defense Nuclear Facilities Safety Board, what would you view as your principal responsibilities?

Answer. In its Report, together with additional views, (Report 100–232), the Senate Armed Services Committee set forth the legislative intent of the bill that was subsequently enacted as PL 100-456, and gave its view as to the principal responsibilities of the Defense Nuclear Facilities Safety Board. I subscribe to the Report language that the principal responsibilities of the Board should be:

". . . to assist the Secretary in carrying out his mandate to assure that DOE's production complex is operated without undue risk to public health and safety. . . ." "The Board is expected to raise the technical expertise of the Department substantially, to assist and monitor the continued development of DOE's internal ES&H organization, and to provide independent advice to the Secretary. Above all, the Board should be instrumental in restoring public confidence in DOE's management capabilities—a clear prerequisite for the continued production of the nuclear materials vital to the nation's security."

REVIEW AND EVALUATION OF SAFETY STANDARDS

Question 3. Section 312 of the Atomic Energy Act directs the Defense Nuclear Facilities Safety Board to "review and evaluate the content and implementation of the standards relating to the design, construction, operation and decommissioning of defense nuclear facilities." What specific approach would you recommend the Safety Board take to conducting this review and evaluation and what would be the first standards you would recommend the Safety Board review?

Answer. If DOE has set a high priority on the resumption of tritium production at Savannah River, its standards for such resumption should be reviewed at an early stage. In addition to the careful review of the analysis prepared by contractor and DOE in-house and outside technical experts, the Board should make on-site visits and make personal evaluations of the competency of those responsibilities for the specific jobs to be undertaken.

Public Law 100-456 authorizes the Board to use the personnel of other agencies specifically mentioning the Advisory Committee on Reactor Safeguards and the National Academy of Sciences. With due regard to protected sensitive information, such reviews should be in as open and public a forum as practicable. In the same manner attention should be given to evaluating the efforts to resolve the nuclear waste problem at not only Savannah River, but the other nuclear defense facilities.

OVERSIGHT RESPONSIBILITIES

Question 4. In your view, do the responsibilities of the Defense Nuclear Facilities Safety Board overlap with the internal safety organization of the Department of Energy, and if so, how would you recommend the responsibilities of the Board be clarified?

Answer. To the extent that the internal safety organization of the DOE has the responsibility to assist the Secretary in carrying out his responsibilities to assure that DOE's nuclear defense facilities are operated without undue risk to public health and safety, undoubtedly there will be some overlap. The DOE internal safety organization is under the direction of the Secretary and its responsibilities, duties and powers may be changed or modified as the Secretary determines. On the other hand, the Safety Board derives its authority, responsibilities and duties from PL 100-456 as passed by the Congress and signed by the President. Accordingly, unless the Congress legislates changes to the Law, the Board's responsibilities cannot be modified.

I would expect the DOE internal safety organization to assume the responsibilities it derives from the Secretary in such a way that it not interfere with the statutory responsibilities of the Board. I would expect that the DOE Secretary would faithfully carry out the duties of his office as required by the law to ". . . fully cooperate with the Board. . . ."

Question 5. What type of organizational and operational arrangements should exist between the Defense Nuclear Facilities Safety Board and the Advisory Committee for Nuclear Facility Safety, and what should be the extent of interaction and coordination between the two organizations?

Answer. The Advisory Committee for Nuclear Facilities Safety has a wealth of knowledge and experience. It is made up of individuals with technical expertise that will be valuable to the Nuclear Facilities Safety Board, particularly in the early formative period. I have a high regard for Chairman John Ahearne, whom I have known for many years. It is my intention, if confirmed and once the DOE informs me that I have the required security clearance, to request a meeting with Chairman Ahearne to seek his advice. Together with the other Board members, I would seek to work out a modus operandi between our two organizations and to have a continuing exchange of technical data helpful to both organizations.

Question 6. In your view, is the model for operation of the Defense Nuclear Facilities Safety Board more like that of the Nuclear Regulatory Commission, with the long-term objective being formal regulation of the Department of Energy's defense facilities, or more like that of the NRC's Advisory Committee on Reactor Safeguards?

Answer. As established by law, the Board has some of the characteristics of both the NRC and the NRC's Advisory Committee on Reactor Safeguards, but tends to be modeled more like the former. The Board differs significantly from the NRC's Advisory Committee in its independence; the Advisory Committee part-time members are appointed by the Agency they advise and except for reviewing new construction and operation, only review what the NRC requests. The Board more resembles the NRC to the extent it is an independent organization whose full-time members are appointed by the President with the advice and consent of the Senate. It differs to the extent that the NRC, except for judicial review, makes the final decision on matters of health and safety whereas the Board makes recommendations to the DOE Secretary who, with the President, has the ultimate responsibility.

RESTART OF THE SAVANNAH RIVER REACTORS

Question 7. What role should the Defense Nuclear Facilities Safety Board have in the restart of the Savannah River reactors?

Answer. Under Section 312 of PL 100-456, the Board is mandated to:

". . . review and evaluate the content and implementation of the standards relating to the design, construction, operation and decommissioning of the defense nuclear facilities of the Department of Energy (including all applicable Department of Energy orders, regulations, and requirements) at each Department of Energy defense nuclear facility."

Section 312 of the law further states:

"The Board shall recommend to the Secretary of Energy those specific measures that should be adopted to ensure that public health and safety are adequately protected. The Board shall include in its recommendations necessary changes in the content and implementation of such standards, as well as matters on which additional data or additional research is needed."

The Board accordingly has little or no discretion as to what its role should be in the re-start of the Savannah River reactors and should follow the letter of the law.

NEW PRODUCTION REACTOR

Question 8. What role should the Defense Nuclear Facilities Safety Board have in the acquisition of new production reactor capacity?

Answer. The decision as to whether or not new production reactor capacity is required is not within the jurisdiction or purview of the Board. If and when such a decision is made by those responsible for that decision, then the Board's role is mandated by law as set forth in Section 312(4) PL 100-456.

Specifically,

"The Board shall review the design of a new Department of Energy defense nuclear facility before construction of such facility begins and shall recommend to the Secretary, within a reasonable time, such modifications of the design as the Board considers necessary to ensure adequate protection of public health and safety. During the construction of any such facility, the Board shall periodically review and monitor the construction and shall submit to the Secretary, within a reasonable time, such recommendations relating to the construction of that facility as the Board considers necessary to ensure adequate protection of public health and safety. An action of the Board or a failure to act, under this paragraph may not delay or prevent the Secretary of Energy from carrying out the construction of such a facility."

PRIORITIES

Question 9. To which Department of Energy defense nuclear facilities would you recommend the Safety Board first direct its attention?

Answer. Prior to making my recommendation, I would wish to seek the advice of those who have participated in previous studies and been privy to classified detailed information as to the existing problems. These would include but not be limited to members of the Roddis Panel, the Advisory Committee for Nuclear Facilities Safety, the General Accounting Office, the DOE Secretary, present and former personnel of the DOE and, of course, my associate members of the Safety Board.

INVESTIGATIONS

Question 10. Section 312 of the Atomic Energy Act provides that the Defense Nuclear Facilities Safety Board shall "investigate any event or practice at a Department of Energy defense nuclear facility which the Board determines has adversely affected, or may adversely affect, public health and safety." What types of investigations would you recommend the Safety Board undertake?

Answer. The Safety Board should be prepared to undertake whatever types of investigations that are necessary and legally permissible to ascertain the facts surrounding the event or practices that are in question in such a manner to meet the purposes set forth in section 312(B) and as to assure responsibility is fixed and whatever corrective action is necessary can be taken. This includes but should not be limited to requiring the Secretary to make timely reports, the use of outside experts, public hearings, the Board's subpoena power and the services of other government agencies and personnel, as may be required.

SAFETY STANDARDS

Question 11. In your view, how closely should the safety standards for Department of Energy defense nuclear facilities parallel NRC regulations that govern the operation of commercial nuclear reactors?

Answer. To the extent that NRC Regulations set standards that mandate a level of safety that is adequate to protect the public, the safety standards of DOE defense nuclear facilities should be parallel to NRC regulations taking into account differences in the design of the plants. However, once the adequacy of the safety level has been met, varying factors will have to be taken into account that may well differentiate the standards required of each.

[Questions for the record with answers supplied follow:]

QUESTION SUBMITTED BY SENATOR STROM THURMOND

OVERLAP OF RESPONSIBILITIES

Senator THURMOND. In your opinion, is there any overlap between your charter as established by P.L. 100-456 and the safety responsibilities of the Department of Energy? If there is any overlap, how can we resolve the duplication?

Mr. CONWAY. All of the facilities and activities for which the Board has oversight responsibilities are defense-related facilities and activities for which the Department of Energy is responsible. Even so, there is no overlap in responsibilities, since the Board advises the Secretary of Energy on matters for which he has responsibilities for decisions and action.

QUESTIONS SUBMITTED BY SENATOR SLADE GORTON

REVIEW OF SAVANNAH RIVER

Senator GORTON. Last year's defense authorization bill (P.L. 100-456, Section 1441—Functions of the Board) states, ". . . the Board shall review and evaluate any content and implementation of the standards related to the design, construction, operation, and decommissioning of defense nuclear facilities of the Department of Energy . . . at each Department of Energy defense nuclear facility. The Board shall recommend to the Secretary of Energy those specific measures that should be adopted to ensure that public health and safety are adequately protected . . ."

How do you plan to implement this requirement with respect to the restart and continued operation of the reactors at Savannah River?

Mr. CONWAY. We will review the standards that have been issued by the Department of Energy, that are pertinent to safety of the Savannah River reactors, to evaluate their adequacy, completeness, and their implementation at Savannah River. Adequacy and completeness will be examined by comparison with corresponding requirements established by the Nuclear Regulatory Commission for the commercial sector, and by consideration of the specific design features of the Savannah River reactors. Implementation will be determined through review of the actions under way at Savannah River and the Savannah River startup plan, and through discussions with the Department of Energy and the contractor organization and groups that have already started similar reviews, such as the Advisory Committee on Nuclear Facility Safety. We will advise the Secretary of Energy in writing of our conclusions and recommendations.

REVIEW OF NEW PRODUCTION REACTORS

Senator GORTON. How do you plan to implement this requirement with respect to the New Production Reactors that the Department of Energy is planning at this time?

Mr. CONWAY. We would collect and review the standards and orders the Department of Energy has issued both in draft and final form, that address requirements that the New Production Reactors must satisfy. We would supplement our review by comparing these requirements with those of the Nuclear Regulatory Commission for the commercial sector, including the General Design Criteria in 10 CFR 50, Appendix A. We would issue recommendations in written form to the Secretary of Energy, that incorporate our views on whether the proposed designs would protect the public health and safety, would meet the Department of Energy requirement for safety, and would meet the test of comparability with practices required for the commercial sector. We would also recommend changes to the Department of Energy standards, orders, and requirements if this seemed necessary.

SAFETY STANDARDS

Senator GORTON. What are your views with respect to the need for the Department of Energy's defense nuclear facilities to meet safety standards that are comparable in scope and level of protection of the public to those imposed on commercial nuclear facilities by the Nuclear Regulatory Commission?

Mr. CONWAY. My view is that, generally speaking, the Department of Energy's defense nuclear facilities should meet safety standards that are comparable in scope and level of protection of the public to those imposed on commercial nuclear facilities by the Nuclear Regulatory Commission. However, it should be noted that there are characteristics of some Department of Energy defense nuclear facilities for which there are no corresponding facilities in the commercial domain and account would have to be taken of that fact.

UTILIZING OTHER RESOURCES

Senator GORTON. Provisions of the bill allow the Board to obtain advice and recommendations from the Nuclear Regulatory Commission staff and the Advisory Committee on Reactor Safeguards. How do you intend to utilize this resource in performing safety oversight of the Department of Energy nuclear facilities?

Mr. CONWAY. At an early date I would work out with the Chairman of the Nuclear Regulatory Commission a modus operandi for the utilization of the Nuclear Regulatory Commission staff, and with the Chairman of the Advisory Committee on Reactor Safeguards for consultation with it and its members. Thereafter on a case-by-case basis, when advisable, we would intend to utilize the special expertise of the Nuclear Regulatory Commission staff and the Advisory Committee on Reactor Safeguards.

REVIEW OF OTHER TESTS AND ANALYSES

Senator GORTON. P.L. 100-456, Section 1441, also states, ". . . the Board shall have access to and may systematically analyze design and operational data, including safety analysis reports, from any Department of Energy defense nuclear facility. . . ."

Do you plan to review the results of the ultrasonic inspection of the reactors at Savannah River and other tests and analyses performed to evaluate the safety of their continued operation? If yes, before restart? If no, why not?

Mr. CONWAY. Yes, before restart.

REVIEW OF DEVELOPMENT PROGRAMS

Senator GORTON. Do you plan to review and provide input to the Department of Energy on the development programs for the safety-related aspects of the New Production Reactors?

Mr. CONWAY. Yes.

IMPLEMENTING REQUIREMENT FOR DESIGN REVIEWS

Senator GORTON. P.L. 100-456, Section 1441, also states, ". . . the Board shall review the design of a new Department of Energy defense nuclear facility before construction of such facility begins and shall recommend to the Secretary, within a reasonable time, such modifications of the design as the Board considers necessary to ensure adequate protection of public health and safety. . . ."

How do you plan to implement this requirement with respect to the New Production Reactors that the Department of Energy is planning at this time?

Mr. CONWAY. In my answer to a previous question, I stated the process the Board would use to review the basis in the Department of Energy standards, orders, and requirements for safety of the New Production Reactors. We would also review the designs and the design specifications for these reactors, and the technical basis for the designs and specifications including research that the Department of Energy may conduct for this purpose. The recommendations to be made to the Secretary will be based in part on this review of the design, and will reflect the Board's views on how well the designs meet the requirements for assuring the public health and safety.

REVIEW OF CONCEPTUAL DESIGNS

Senator GORTON. Do you plan to review the New Production Reactors conceptual designs we funded this year to provide the basis for subsequent congressional actions and the NEPA decision process? If not, why not?

Mr. CONWAY. Yes.

AVAILABILITY OF RESULTS

Senator GORTON. Will the results of your reviews of the New Production Reactors be available before we are committed to a particular design or concept?

Mr. CONWAY. At this time, I do not know what timetable the Secretary of Energy has set to commit to a particular design or concept. The Board will be sensitive to not introducing delays to Department of Energy actions unnecessarily.

PROTECTIVE ACTIONS

Senator GORTON. If your reviews identify safety problems for which, in the Board's opinion, the response by the Department of Energy is not adequate, what actions would you take to ensure that the health and safety of the public is protected?

Mr. CONWAY. Public Law 100-456 sets forth duties, responsibilities, and authority of the Board in Section 312, Functions of the Board. Section 315 sets forth the procedures to be followed by the Secretary and the Board as to the Board's recommendations including notification to the Committees on Armed Services and Appropriations of the Senate and to the Speaker of the House of Representatives. Particular attention will be given to Subsection 315(g), Imminent or Severe Threat, whereby if the Board determines the recommendation relates to an imminent or severe threat to public health and safety, the Board will notify the President.

[The nomination reference of John T. Conway follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
August 4, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

The following-named person to be a Member of the Defense Nuclear Facilities Safety Board for a term of five years: John T. Conway, of New York. (New Position).

[The biographical sketch of John T. Conway, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF JOHN T. CONWAY

John T. Conway, an engineer and attorney, is Executive Vice President for Corporate Affairs, Consolidated Edison Company of New York. He is also Chairman of the Board of the American Nuclear Energy Council (ANEC) the Washington, DC based organization that represents the civilian nuclear energy industry before the Congress and the executive branch of the government. His nuclear experience includes 12 years on the staff of the Joint Committee on Atomic Energy U.S. Congress (6 years as Staff Director) and 8 years as Chairman of the Con Edison Indian Point Nuclear Facilities Safety Committee.

Following is a brief resume:

November 1982 to present, Consolidated Edison Co. executive vice president.

November 1982 to present, American Nuclear Energy Council (ANEC), chairman of the board.

October 1978 to November 1982, American Nuclear Energy Council (ANEC), president.

October 1968 to October 1978, Consolidated Edison Co. executive assistant to Charles F. Luce, chairman of the board (1970-78 duties included chairman, Nuclear Facilities Safety Committee, see attached).

August 1956 to October 1968, U.S. Congress—Staff Joint Committee on Atomic Energy (1958-62—Assistant Staff Director; 1962-68—Executive Director).

January 1950 to August 1956, FBI, Department of Justice, Special Agent—served in Kentucky, New York, Washington, DC.

Education, Columbia University School of Law, LLB, 1949 (converted to Juris Doctor, 1969).

Tufts University, BS Engineering, 1947.

Military Service, U.S. Navy, February 4, 1943 to September 1946, saw service North Atlantic USPC781, discharged Lt. (j.g.).

Professional memberships, admitted to New York Bar, 1949 Supreme Court of the United States, 1953.

Organizations, Director, Americans for Energy Independence Association for a Better New York, New York Convention & Visitors Bureau, Inc. New York Fire Safety Foundation Youth for Energy Independence.

Member, New York State Committee for Jobs and Energy Independence, Nuclear Power Oversight Committee (NPOC), Federal Bureau of Investigation Agents Association, FBI Marine Corps Association, Society of Former Special Agents of the FBI, American Legion.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by John T. Conway in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

John Thomas Conway.

2. **Position to which nominated:**

Member of the Defense Nuclear Facilities Safety Board.

3. **Date of nomination:**

August 4, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

May 10, 1924, Bronx, New York.

6. **Marital status:** (Include maiden name of wife or husband's name.)

Married, wife's maiden name Virginia McLaughlin.

7. **Names and ages of children:**

John H. Conway—41; Daniel J. Conway—38; Sean Conway—32; Thomas G. Conway—31; Christopher D. Conway—29; Johannah M. Conway—26.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

DeWitt Clinton High School—Jan. 1938-Jan. 1942, Regents Diploma 1/4

New York University School of Engineering—Sept. 1942-Jan. 1943

Dartmouth College—June 1943-March 1944, V-12 Certificate March 1944

Tufts College of Engineering March 1944-Sept. 1945, BSN Sept. 1945, Sept. 1946

Columbia School of Law June 1947, BS Engineering, June 1947 June 1947-June 1949, LLB June 1949, Jur Dr, June 1969.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Executive Vice President, Consolidated Edison Co. of N.Y., Inc., October 1982-June 1989.

President and Chief Executive Officer, American Nuclear Energy Council, Washington, D.C., November 1978-October 1982.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

U.S. Navy Active Duty, Feb. 1943-Sept. 1946.

U.S. Navy Reserve, Sept. 1946-Aug. 1956.

Special Agent, FBI Jan. 1950-Aug. 1956.

Staff, Joint Committee on Atomic Energy, Aug. 1956-Oct. 1968 (Assistant Director and Executive Director).

Member, New York City Mayor's Scientific Advisory Committee 1969-1974.

Chairman, Special Panel to Study Transportation of Nuclear Materials, U.S. Congress Joint Committee on Atomic Energy, May 1974-Dec. 1974.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

I have resigned or retired from all prior positions in business. Only officer position I presently hold is:

Permanent President Class of June 1949, Columbia University School of Law.

Chairman—Merill Eisenbud Fellowship Program—Health Physics New York University Medical School.

12. **Membership:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

American Legion Post No. 1174 elected Life Member.

FBI—Marine Corps Association.

Society of Former Special Agents of the FBI.

FBI Agents Association.

Democratic Club, Washington, D.C.

American Nuclear Society, New York Chapter.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Democratic National Finance Council, 1987.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Con Edison Political Action Committee, $6,000 ($1,200/annually).
Democratic National Finance Committee, $5,000 February 1987.
George Bush Committee (Primary), $1,000 February 10, 1988.
Humphrey for Senate, $250 November 7, 1988.
Trent Lott for Mississippi, $100 July 22, 1988.
Gov. John Sununu Committee, $250 October 27, 1986.
Congressman Morris Udall, $250.
Senator Daniel Moynihan, $700.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Arista Honor Society 1943.
New York State Scholarship 1946.
James & Jane Hoey Award for Interracial Justice 1988.
Grand Council of Hispanic Societies Humanitarian Award—1987.
The Honor Legion Police Department, City of New York, Certificate of Merit—1986.
The American Legion Certificate of Appreciation—1978.
The American Legion Life Membership—1989.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Transportation of Radioactive Material by Passenger Aircraft. Report of Special Panel to Joint Committee on Atomic Energy, U.S. Congress 9/13/74.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Legal and Engineering Background. Thirty-plus years experience in nuclear energy work.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Eight years Chairman, Nuclear Facilities Safety Committee, Indian Point Nuclear Power Plants. Twelve Years Joint Committee on Atomic Energy staff, with detailed knowledge of nuclear weapons components, special nuclear materials.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: John Thomas Conway.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not ~~be available~~ for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JOHN T. CONWAY.

This 28th day of July, 1989.

[The nomination of John T. Conway was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 18, 1989.]

[Prepared questions submitted to John W. Crawford, Jr. by Senator Nunn prior to the hearing with answers supplied follow:]

MOST SERIOUS PROBLEMS

Question 1. What, in your view, are the most serious problems in ensuring that public health and safety are adequately protected at Department of Energy defense facilities?

Answer. I believe that a most serious problem in ensuring that public health and safety are adequately protected is a lack of sufficient technical and technical management capabilities in many DOE organizations assigned responsibility for defense facilities. My impression is that this lack of capability is to be found in both DOE Headquarters and Field organizations. A consequence of this deficiency is that many of DOE's principal operating contractors are not managed in the most effective way.

My own experience has taught me that a strong in-house technical capability is essential for effective Federal control of complex nuclear activities. Furthermore, I believe that the Federal agency in charge cannot absolve itself of essential responsibilities for protecting public health and safety by purporting to pass such responsibilities to its principal contractors.

Another serious problem I sense is an apparent misconception, both within DOE in the past and in other circles of well-intentioned opinion, that safety and environmental protection can best be assured by assigning responsibility for such key factors to oversight organizations. Calling again on my own experience, I must testify to my belief that safety and environmental protection are best obtained by the line agency. I believe essential responsibility for all these factors must remain inextricably interwoven and in the domain of the line organization. Providing independent confirmation for the agency is another, and separately important function, not a reasonable substitute for the former.

RESPONSIBILITIES

Question 2. Should you be confirmed as a member of the Defense Nuclear Facilities Safety Board, what would you view as your principal responsibilities?

Answer. I believe that my principal responsibilities are clearly set forth in the legislation which established the Board. Working with other Board Members to ensure that public health and safety are adequately protected, my principal responsibilities will include: reviewing the content and implementation of pertinent DOE standards and requirements; investigating events and practices at pertinent DOE facilities which the Board determines have adversely affected, or may so affect, public health and safety; reviewing the design and monitoring the construction of new DOE defense nuclear facilities; exercising the powers of the Board in Section 313 of the Atomic Energy Act; providing recommendations to the Secretary of Energy; fulfilling the Board's responsibilities to the public while protecting sensitive information safeguarded by law; being alert to the need to satisfy the statute's requirements respecting an imminent or severe threat to public health and safety; and providing reports to the Congress required by the statute.

In the overall, I would strive to maintain the integrity of the oversight process within the spirit of the statute.

REVIEW AND EVALUATION OF SAFETY STANDARDS

Question 3. Section 312 of the Atomic Energy Act directs the Defense Nuclear Facilities Safety Board to "review and evaluate the content and implementation of the standards relating to the design, construction, operation, and decommissioning of defense nuclear facilities." What specific approach would you recommend the Safety Board take in conducting this review and evaluation and what would be the first standards you would recommend the Safety Board review?

Answer. I think that conducting this review and evaluation requires that the Board, as a first step, acquire adequate technical staff and expertise.

I would suggest that the Board request the DOE to furnish the standards that were used for those facilities which have been built, or are in process of being built or modified, and for which the Board has oversight responsibilities, together with DOE's assessment of their effectiveness. I believe the Board would also want to compare those standards with those applicable to NRC-regulated facilities. Of course, the Board would need to take account of the substantial diversity in types of defense-related facilities and activities and of their age. This implies conducting many reviews and evaluations which are specific to the facility or activity involved.

My recommendations for priority attention would be to those facilities and activities that are currently presenting significant problems, and to major new facilities such as those in the NRR program.

Another area for priority attention would be those DOE orders which establish agency policy with respect to the use of standards and which identify specific standards to be used. Also of high interest is whether their use has been and is mandatory or optional, assignments of responsibility for implementing them, and the effectiveness with which they have been implemented.

OVERSIGHT RESPONSIBILITIES

Question 4. In your view, do the responsibilities of the Defense Nuclear Facilities Safety Board overlap with the internal safety organization of the Department of Energy, and if so, how would you recommend the responsibilities of the Board be clarified?

Answer. In my view, an overlap might exist between the responsibilities of the Defense Nuclear Facilities Safety Board (DNFSB) and the internal safety organization of the Department of Energy in that its Advisory Committee on Nuclear Facilities Safety has had oversight responsibilities for those defense-related facilities and activities for which the Board is to provide external oversight. However, any such overlap would be something the Secretary of Energy may want to consider. The Board will have to act in an independent manner and carry out its responsibilities, which I view as rather clear and not requiring any clarification at this time. To the extent there is any overlap, the Board would seek to be informed of the findings and views of the DOE safety groups.

Question 5. What type of organizational and operational arrangements should exist between the Defense Nuclear Facilities Safety Board and the Advisory Committee for Nuclear Facility Safety, and what should be the extent of interaction and coordination between the two organizations?

Answer. My response to the previous question applies here. It would seem useful for the Board to be kept informed of the findings of the Advisory Committee for Nuclear Facility Safety and the results of its reviews. Also, the Advisory Committee may encounter problems in non-defense-related facilities which might have potential implications for defense-related facilities under Board cognizance.

I believe that informal exchanges of information should be encouraged, but that care should be taken that they do not operate to supplant formal modes of communication between the Board and DOE.

Question 6. In your view, is the model for operation of the Defense Nuclear Facilities Safety Board more like that of the Nuclear Regulatory Commission, with the long-term objective being formal regulation of the Department of Energy's defense facilities, or more like that of the NRC's Advisory Committee on Reactor Safeguards?

Answer. There seem to me to be too many differences between the Board and either the NRC or ACRS to prefer one as a model for operation of the Board.

The NRC is itself empowered to decide whether civilian reactors are allowed to be constructed and operated. It may apply penalties and sanctions against violators of the conditions under which construction and operation are allowed. Appropriately in my view, the Board does not have such powers or authority. It can, of course, recommend far-reaching actions affecting defense nuclear facilities, but the ultimate decision to continue, modify, or cease operation will be that of the Secretary of Energy or the President. Also, unlike the NRC, the Board itself is not empowered to establish the standards by which facilities are designed, constructed, operated and maintained.

The Advisory Committee on Reactor Safeguards is also not a Board model. Its role is advisory to the NRC, which itself licenses and regulates commercial nuclear facilities and other activities as authorized. My opinion is that, notwithstanding the constructive role and contribution of the Advisory Committee, the Board has substantially more responsibility and authority than the Advisory Committee.

In summary, my view is that the Board has been established to perform significantly different functions than either the NRC or the ACRS. It will need to establish its own modes of operation. Of course it should seek to take advantage of the experience garnered by these two entities.

RESTART OF THE SAVANNAH RIVER REACTORS

Question 7. What role should the Defense Nuclear Facilities Safety Board have in the restart of the Savannah River reactors?

Answer. Prior to restart of any Savannah River reactor, the Board should recommend to the Secretary of Energy whether restart should be authorized from the standpoint of ensuring protection of public health and safety. This recommendation should include such specific conditions as the Board considers necessary to ensure such protection.

In order to be in a position to make such recommendations the Board would need to take a number of actions. Most would require obtaining documents and information from the DOE and also interactions with DOE and its contractors. All actions would be conducted from the standpoint of the Board's responsibilities, and not the responsibilities of others. Such actions would include reviewing and evaluating:

The design and construction of the reactor and its modifications,

A list of all safety-related problems which have been identified, including those from previous operation, together with their proposed resolution prior to restart,

A listing of all safety-related criteria and standards to which the reactor was designed, constructed, operated, and modified,

Up-dated Safety Analysis Report and Probabilistic Risk Assessments,

Design bases, Technical Specifications, and Technical Reports on important safety-related issues, and

Evidence for assuring that the plant has been constructed as designed, including effectiveness of the quality assurance program.

These reviews and evaluations would need to commence promptly following establishment of the Board. They should proceed concurrently with DOE's progress in readying the reactors for restart.

An important aspect of the Board's activities would be visits by the Board and its staff to the Savannah River site.

A significant difficulty confronting the Board could be the acquisition of suitably qualified staff and outside capability to accomplish the tasks involved.

NEW PRODUCTION REACTOR

Question 8. What role should the Defense Nuclear Facilities Safety Board have in the acquisition of new production reactor capacity?

Answer. The Board's role in the acquisition of new production reactor capacity should be similar to that described in the answer to question 7, involving reviews and evaluations of the kind described there. A major difference is that the process would commence when the reactor design or designs are in the conceptual stage and proceed in systematic fashion through successive phases of detailed design, construction, and operation. Another important difference is that new production reactors could well require research and development which would involve the Board's reviewing and evaluating its adequacy from safety-related aspects.

PRIORITIES

Question 9. To which Department of Energy defense nuclear facilities would you recommend the Safety Board first direct its attention?

Answer. My recommendation would be that the Board first direct its attention to restart of the Savannah River reactors and to the Rocky Flats facility.

In addition, the Board should make an early review of the facilities over which it has cognizance and identify the problems or potential problems associated with each, and establish priorities using this information.

INVESTIGATIONS

Question 10. Section 312 of the Atomic Energy Act provides that the Defense Nuclear Facilities Safety Board shall "investigate any event or practice at a Department of Energy defense nuclear facility which the Board determines has adversely affected, or may adversely affect, public health and safety". What types of investigations would you recommend the Safety Board undertake?

Answer. This would depend on the nature of the event or practice involved.

The triggering element would have to be the Board's awareness of such an event or practice. As soon as possible, I believe the Board would want to establish a reporting requirement under section 313(d) that the Secretary promptly notify the Board of any event or practice that is adversely affecting public health and safety and request that the Secretary and pertinent contractors cooperate fully with the Board and the Board's resident staff so that the Board may become promptly aware and knowledgeable concerning events and practices referred to in the question. The Board would also want to use all of its other broad powers provided by the statute to investigate practices and events that have public health and safety implications.

SAFETY STANDARDS

Question 11. In your view, how closely should the safety standards for Department of Energy defense nuclear facilities parallel NRC regulations that govern the operation of commercial nuclear reactors?

Answer. Generally, safety standards for DOE defense nuclear facilities should parallel NRC regulations that govern the design, construction, and operation of commercial nuclear reactors. However, account needs to be taken of the following: first, there are attributes of DOE defense-related facilities and activities for which there are no close counterparts among those facilities for which the NRC has established standards; second, in my view, NRC may not have accorded sufficient emphasis to the reliability of operation as an ingredient of safety; third, NRC has, again in my view, confined its attention primariy to systems and components which it defines as "important to safety". There is evidence that systems and components not so defined have, or can have, safety implications which need to be considered.

[Question for the record with answer supplied follow:]

Question Submitted by Senator Strom Thurmond

SAFETY STANDARDS REQUIREMENTS

Senator **Thurmond**. In your opinion, does the Department of Energy have the same safety standards requirements for their nuclear reactors that we expect from the commercial nuclear reactors? If not, should we expect them to meet the same standards?

Mr. **Crawford**. I believe that at this time there are important respects in which the Department of Energy may not have established the same safety standards requirements for their nuclear reactors as have been established for commercial nuclear reactors.

Generally, safety standards for Department of Energy nuclear reactors should be comparable in requirements to those that govern the design, construction, and operation of commercial nuclear reactors. However, account needs to be taken of the fact that there are attributes of Department of Energy defense-related reactors for which there are not close counterparts among commercial reactors for which safety standards requirements have been established.

[The nomination reference of John W. Crawford, Jr. follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
August 4, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

The following-named person to be a Member of the Defense Nuclear Facilities Safety Board for a term of two years:

John W. Crawford, Jr., of Maryland. (New Position)

[The biographical sketch of John W. Crawford, Jr., which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF JOHN W. CRAWFORD, JR.

Education: 1937-1938—Norwich University, Northfield, VT.

1938-1941—United States Naval Academy, Annapolis, MD, B.S.

1944-1946—Massachusetts Institute of Technology, Cambridge, MA, M.S., Naval Construction and Engineering.

1949-1950—Massachusetts Institute of Technology, M.S., Physics (Nuclear Engineering Curriculum).

1968—Federal Executive Institute, Charlottesville, VA.

Qualifications: Comprehensive knowledge and experience in managing research and development programs and in the engineering and construction of civilian and naval nuclear power plants.

Experience in applying and assessing technical and organizational methods and techniques which are directed toward achieving and assessing safety and quality in the design, construction, testing, and operation of nuclear reactors.

Experience in establishing and maintaining cooperative arrangements for the management of complex programs among industrial contractors, national laboratories, and government organizations to carry out large scale energy development programs.

Knowledge of the responsibilities, roles, and modes of interaction among DOE, NRC, Congress and other agencies of government and industry in carrying out both civilian and defense programs and in providing independent safety and other oversight.

Detailed experience in strengthening the management and engineering capabilities of large nuclear organizations with emphasis on attention to selection and training on the model of the naval reactors program.

Experience: 1981-present—Consultant in nuclear engineering, including long-term assignment as Independent Technical Consultant under the Trust Agreement for TMI-2 Cleanup.

1979-1981—Principal Deputy Assistant Secretary for Nuclear Energy, DOE: Provided management direction and guidance to assigned areas of DOE's nuclear reactor and waste management programs with special responsibility for interacting with the Deputy Assistant Secretary for Naval Reactors. Additional assignment: Chairman of Board which carried out comprehensive "post-Kemeny" assessment of the safety of DOE nuclear reactors. (So-called "Crawford Report")

1978-1979—Deputy Program Director, Office of Nuclear Energy Programs, DOE: Assisted Program Director in managing programs of four line divisions, including providing emphasis on safety and quality.

1976-1977—Executive Assistant to Assistant Administrator for Nuclear Energy, ERDA: Analyzed nuclear energy programs and provided recommendations to the Assistant Administrator; Chairman, Source Evaluation Board to select contractor for Idaho National Engineering Laboratory.

1973-1975—Assistant Director, Division of Reactor Development Demonstration, AEC: Acted for Director on assigned programmatic and technical matters; provided management of liquid metal breeder program support facilities.

1965-1973—Assistant Director, Division of Reactor Development and Technology, AEC: Was successively Assistant Director for Plant Engineering, Engineering Standards, and Project Management. In the latter capacity was responsible for management of the breeder and other advance reactor projects with respect to costs, schedules and overall technical requirements.

In 1968, was Member of Internal Study Group (Mangelsdorf Committee) comprised of AEC, ACRS, ASLB representatives to review the licensing process to improve its effectiveness in protecting public health and safety.

1963-1965—Manufacturing Manager, Murray Manufacturing Corporation, Brooklyn, NY: Managed the manufacturing activities of the Corporation, which produced electrical equipment.

1960-1963—Deputy Manager, Naval Reactors, A C, and Deputy Assistant Chief, Bureau of Ships, U.S. Navy: Provided program administration in areas designated by Admiral Rickover including supervision of selection and training of officers and enlisted personnel in the Naval Reactors Program.

1957-1960—Senior AEC Representative, Newport News Shipbuilding and Drydock Company, Newport News, VA: Provided guidance and direction to the shipyard with respect to planning and constructing the 8 reactor plants in the U.S.S. *Enterprise* and 2 nuclear submarines and in assuring they met naval reactors standards with respect to safety, quality, and reliability.

1954-1957—Assistant to AEC Commissioner Thomas E. Murray: Pro-policy and technical analyses on all aspects of AEC programs, both for defense and civilian applications; consulted with key agency, government, and industry officials; made recommendations to the Commissioner.

1950-1954—Engineering and project management assignments in the naval reactors program at AEC Headquarters, Chicago Operations Office, and Argonne National Laboratory.

1946-1949—Assistant Repair Superintendent (Submarines), Philadelphia Naval Shipyard, Philadelphia, PA.

1942-1944—Sea duty in U.S.S. *Yorktown*, U.S.S. *Santee*, and U.S.S. *Brooklyn*.

Honors, Awards: Graduated with distinction, U.S. Naval Academy.

Commended by Secretary of Navy for contributions to construction of nuclear carrier *Enterprise* and two nuclear submarines.

Exceptional Service Medal, U.S. Department of Energy.

Personal: Born: Andover, Massachusetts.

Home State: New Hampshire.

Retired Captain, U.S. Navy (Engineering Duty Officer).

Age: 69.

Health: Excellent.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by John W. Crawford, Jr. in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
John William Crawford, Jr.; "Jack"; "Red".

2. **Position to which nominated:**
Member, Defense Nuclear Facilities Safety Board.

3. **Date of nomination:**
August 4, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
September 1, 1919; Andover, Essex County, Massachusetts.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Married, Elizabeth Frances Edwards.

7. **Names and ages of children:**
Elizabeth Frances Crawford, 34; Mary Patricia Crawford Downie, 33; Carol Anne Crawford, 29; John William Crawford, III, 24.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Tilton School, Tilton, New Hampshire, September 1933 to June 1937.
Norwich University, Northfield, VT, September 1937 to June 1938.
United States Naval Academy, June 1938 to December 1941; BS December 1941.
Massachusetts Institute of Technology, December 1941 to March 1942.
Massachusetts Institute of Technology, MS (Naval Construction and Engineering), September 1946.
Massachusetts Institute of Technology, July 1949 to August 1950. MS (Physics), August 1950.
Federal Executive Institute, Charlottesville, VA, October 1968 to November 1968, non-degree course.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
Principal Deputy Assistant Secretary for Nuclear Energy, U.S. Department of Energy, Washington, DC, December 1979 to October 1981.
Deputy Program Director, Nuclear Energy, U.S. Department of Energy, Washington, DC, December 1978 to December 1979.
Consultant in Nuclear Energy, October 1981 to present:
Consulting arrangements with the following organizations: Stone and Webster Engineering Company, Boston, Mass; work at Boston, MA and sites of three commercial nuclear plants, and Washington, DC, December 1982 to January 1984.
American Overseas Corporation (a subsidiary of Systems Planning Corporation), Arlington, VA; work at Lynchburg, VA; May 1984 to June 1984.

MITRE Corporation, McLean, VA; work at McLean, VA; March 1986 to April 1987. Argonne National Laboratory, Argonne, IL; work at Gaithersburg, MD; October 1987 to February 1989.

GPU Nuclear Corporation, Parsippany, New Jersey; work at Three Mile Island, Unit 2 and Rockville, MD; July 1984 to present.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Member, National Academy of Science Committee on Nuclear Engineering Education (study currently underway).

Member, Internal Study Group ("Mangelsdorf Committee") to examine process of licensing commercial power reactors for U.S. Atomic Energy Commission, 1969.

Chairman, committee to review the safety of DOE reactors for the Under Secretary, Department of Energy; report (so-called "Crawford Report") issued March, 1981, entitled: A Report on a Safety Assessment of Department of Energy Reactors, DOE US-0005.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, firm, partnership, or other business enterprise, educational or other institution.

Independent Technical Consultant under the Trust Agreement for Cleanup of Three Mile Island, Unit 2; reimbursed under terms of the Agreement by GPU Nuclear Corporation, Parsippany, New Jersey.

Consultant, EG&G Idaho Corporation, Idaho Falls, Idaho.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, Association of U.S. Naval Academy Class of 1942.

Member, U.S. Naval Academy Alumni Association.

The Retired Officers Association.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Commendation Medal, awarded by the Secretary of the Navy for contributions to the construction of the first nuclear powered aircraft carrier, U.S.S. *Enterprise* and the nuclear submarines, U.S.S. *Robert E. Lee* and U.S.S. *Shark*.

Exceptional Service Medal, U.S. Department of Energy, awarded for, among other things, "dedication and enthusiasm for building safety into the technological development of nuclear systems and his insistence on the highest quality of systems under development * * *".

Military Medals: Presidential Unit Citation with one star; Asiatic-Pacific with one star; Middle European with three stars; American Defense and World War II Victory.

Graduated with distinction from U.S. Naval Academy.

Promoted progressively from Ensign, USN to Captain, USN.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

"Get 'Em' Young and Train 'Em' Right", Proceedings of the U.S. Naval Institute: Annapolis, MD, October, 1987.

"Putting Tighter Controls on Quality Assurance", Management Review, January, 1984.

"Nuclear Power for Ship Propulsion" in Internal Combustion Engines, U.S. Naval Institute, 1954.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

No.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have had substantial technically-oriented management experience in those aspects of nuclear reactor technology which the Board must review, evaluate, and act on: design, construction, operation, and decommissioning. This includes over ten years in the Naval Nuclear Propulsion Program, during which I became Deputy Manager, Naval Reactors, AEC, and over fifteen in the Government's Civilian Reactor Development Program, during which I became Principal Deputy Assistant Secretary for Nuclear Energy, DOE.

A major focus of my efforts in the civilian reactor program was develop and apply the rigorous approaches to safety and quality assurance emphasized and embodied in the naval reactors program.

Safe operation of nuclear facilities depends in important degree on the qualifications and training of individuals who are assigned this responsibility, from top management levels of management on down. Having been responsible as Deputy Manager under Admiral Rickover for selection and training of naval reactor program personnel, I have experience which may be of help to the Board in meeting its responsibilities in this regard.

An important function of the Board is to review and evaluate standards. As Assistant Director, Engineering Standards in the AEC's civilian reactor program, and in other assignments I have experience relevant to fulfilling this responsibility.

Effective performance of the Board requires understanding of the relationships between the Board, as an independent agency in the Executive, and the DOE and its contractors. My experience in both naval and civilian programs of the Government have provided useful insights in this regard.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: John W. Crawford, Jr.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with our without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JOHN W. CRAWFORD, JR.

This 26th day of July, 1989.

[The nomination of John W. Crawford, Jr. was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed, the nomination was confirmed by the Senate on October 18, 1989.]

[Prepared questions submitted to Andrew J. Eggenberger by Senator Nunn prior to the hearing with answers supplied follow:]

September 5, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am honored to have been nominated by President Bush to serve as a member of the Defense Nuclear Facilities Safety Board. I consider this position to be very important to the Nation.

Enclosed are my responses to questions which have been prepared by you.

Sincerely,

A.J. EGGENBERGER.

Enclosures.

MOST SERIOUS PROBLEMS

Question 1. What, in your view, are the most serious problems in ensuring that public health and safety are adequately protected at Department of Energy defense facilities?

Answer. In my view the most serious problems in ensuring that public health and safety are adequately protected at DOE defense facilities is that DOE is not equipped to deal with health and safety issues. DOE is not adequately addressing the public health and safety issues and has assigned its contractors the task of dealing with the issues and DOE's contractors are also not doing the job.

This has led to an apparent lack of confidence in the DOE by the general public in matters related to the health and safety of the public at the DOE production and utilization facilities. DOE must demonstrate that it is capable of dealing with and protecting the public health and safety.

DOE needs to instill within itself and its contractors the much talked about "safety culture." To me this means establishing an organization where responsibility can be pinpointed and broad responsibility and leadership are given to the organization including line responsibility for safety.

Included in the safety culture is the ability of treating and considering the entire production and utilization facilities as a complex system. All parts interact with each other and this interaction can affect overall safety. This includes the manufacturing activities (facilities design, operation, etc.) and the related activities of waste disposal and storage. The safety interaction can be very strong within a particular facility especially when operations or activities are altered. An example of this is a facility undergoing modification where a change can effect or alter the behavior of operation after the modification is completed.

It is important that the DOE and its contractors have highly qualified and trained technicians and professionals for the goal of increased and acceptable nuclear safety to be able to be achieved. The importance of quality people and leadership needs to be emphasized.

RESPONSIBILITIES

Question 2. Should you be confirmed as a member of the Defense Nuclear Facilities Safety Board, what would you view as your principal responsibilities?

Answer. My principal responsibility is to assure the President, the Congress and the general public that the actions of the DOE related to the defense nuclear facilities are such that the health and safety of the public are given adequate protection. This will be done by the external oversight activities of the DNFSB which are to review and evaluate standards, investigate adverse practices and events, analyze design and operational data, review of facility design and construction, and provide recommendations to the Secretary of Energy. This would include the activities of design, engineering, construction, operation, maintenance, waste handling and waste disposal.

My responsibilities would be carried out two-fold by first helping establish a DNFSB organization and management structure and second by immediately becoming involved in health and safety issues at the defense nuclear facilities. It is important to do both because of the urgency and importance of the issues and the facilities to our National needs. My expectation is that the DNFSB will operate in a collegial fashion. I would also expect that the technical expertise of each member will be used as much as possible in carrying out the functions of the Board. My own technical expertise has been gained through education and the practice of engineering and in particular, I have extensive experience for nuclear facilities in engineering, design, and construction; standards preparation and implementation; safety analysis reports; environmental reports and impact statements; evaluation of research needs; quality assurance, and regulation.

REVIEW AND EVALUATION OF SAFETY STANDARDS

Question 3. Section 312 of the Atomic Energy Act directs the Defense Nuclear Facilities Safety Board to "review and evaluate the content and implementation of the standards relating to the design, construction, operation, and decommissioning of defense nuclear facilities." What specific approach would you recommend the Safety Board take to conducting this review and evaluation and what would be the first standards you would recommend the Safety Board review?

Answer. The approach that I would recommend is to conduct the review and evaluation by taking into account the differences between facilities that have been new or recently constructed and those of older vintage. The older facilities may have been constructed using codes and standards that have since been revised or updated using more recent knowledge and data. Some of these standards may need to be updated.

The review and evaluation of the standards needs to be conducted in a manner that it allows the identification of potential safety issues at a particular facility or site. For this reason the review and evaluation should be done for each individual facility or site. The review and evaluation for all facilities or sites can not be performed simultaneously and a priority needs to be established. This priority can be based on identified or perceived safety issues from existing data and also from National needs.

In determining facility priority for review and evaluation, consideration needs to be given to any priorities established by the DOE, where safety issues or potential safety issues have been identified. The state of a facility would also influence priority for review and evaluation—is the facility being restarted, is the facility operational, is the facility being decommissioned, is the facility being constructed, and so on.

I view the standards to include those specified for the facility through DOE Orders. The review and evaluation would be performed for need, applicability, content, depth and implementation.

It is difficult to determine exactly which individual standards would be first reviewed or evaluated because that depends on the nature and function of the facility. Determination would include an assessment of what portion of the facility has the potential for greatest impact on the health and safety of the public. Once this is determined, it would seem appropriate to review and evaluate those standards related to that area. If particular standards are found to be generic, review and evaluation of these in a timely fashion would provide great impact because of their widespread applicability.

OVERSIGHT RESPONSIBILITIES

Question 4. In your view, do the responsibilities of the Defense Nuclear Facilities Safety Board overlap with the internal safety organization of the Department of

Energy, and if so, how would you recommend the responsibilities of the Board be clarified?

Answer. Yes, the responsibilities of the DNFSB and the internal safety organization of DOE overlap. The responsibilities of both internal and external safety organizations should be the same and should promote the protection of the health and safety of the public. I view the DOE internal safety organization to be fully integrated within a facility and this includes the DOE and its contractors. If it is not, it needs to be to allow responsibility and accountability for safety to be defined.

The DNFSB provides external oversight and is independent from any internal activities of DOE. It is also highly desirable that within the DOE organization there be a DOE internal nuclear safety oversight organization. The purpose of this organization is to determine if nuclear safety is being properly implemented within the DOE defense nuclear facilities organization.

The DNFSB is external to DOE and its contractors and acts independently in its oversight role. If the external and internal roles remain, I see no need to change the responsibilities of the Board and it is not necessary to clarify the responsibilities of the Board.

Question 5. What type of organizational and operational arrangements should exist between the Defense Nuclear Facility Safety Board and the Advisory Committee on Nuclear Facility Safety, and what should be the extent of interaction and coordination between the two organizations?

Answer. In question four, I stated that there is overlap between the DNFSB and internal DOE or line oversight. The activities of the Board are external and independent of any internal group including the internal Advisory Committee on Nuclear Facility Safety. As the Board becomes functional, DOE will need to establish a method of communicating with the Board and one means could be through the Advisory Committee on Nuclear Facility Safety. I believe it is the responsibility of DOE to decide which group, groups, or committees within DOE will provide the interaction and coordination.

It is appropriate that the DNFSB should benefit from the expertise, the operation, the activities, and the recommendations of the Advisory Committee on Nuclear Facility Safety to date. This includes full access to documentation, meeting notes, reports, recommendations and the like. The DNFSB can benefit from any ongoing activities of the Advisory Committee on Nuclear Facility Safety. Recognition must be given to the fact that the DNFSB is an external oversight group while the Advisory Committee on Nuclear Facility Safety provides internal DOE oversight. Hence, independence of the DNFSB needs to be preserved.

Question 6. In your view, is the model for operation of the Defense Nuclear Facilities Safety Board more like that of the Nuclear Regulatory Commission, with the long-term objective being formal regulation of the Department of Energy's defense facilities, or more like that of the NRC's Advisory Committee on Reactor Safeguards?

Answer. I view the model of the DNFSB to be between the model of the NRC and the model of the ACRS but somewhat closer to that of the NRC. My view of the Nuclear Regulatory Commission is that the NRC was established to provide uniform and long-term regulation of a large number of nuclear power reactors and associated facilities for a large number of owners and operators. My view of the ACRS is that it is an internal USNRC Committee and that it is advisory to the NRC.

I view the DNFSB model as an external safety oversight board with much broader functions and powers than those of the ACRS. It is also important to realize that the DOE defense nuclear facilities are one or two of a kind of facility with a common owner and I believe that broad based regulation probably is not appropriate. Therefore, I would expect that DOE will develop and implement the appropriate standards and procedures for protecting health and safety and that the DNFSB will determine if it is being done properly. I believe this provides for efficiency and allows individual based facility oversight that accounts for the differing functions of that facility and without compromising the health and safety of the public.

In many ways the model will develop toward a NRC model where the NRC model has only one owner (DOE) but several functionally differing facilities. The model will be external to DOE but with broader functions and power than the ACRS.

RESTART OF THE SAVANNAH RIVER REACTORS

Question 7. What role should the Defense Nuclear Facilities Safety Board have in the restart of the Savannah River reactors?

Answer. I believe that oversight by the Board on the restart activities is of highest priority. The exact extent of the role of the Board will be a function of the restart schedule and the schedule for the Board to become functional. As a minimum the Board should review the actions taken by DOE for the restart activity. The final activity prior to restart (if the Board is fully functional) should be a recommendation to the Secretary of Energy on restart prior to the actual restart operation. Important activities to be examined include:

Effectiveness of management and organization.
Implementation of the safety culture.
Training of staff.
Designs for retrofit, upgrades, and repairs and associated standards.
Quality Assurance.
Standards and procedures for operation.
Internal safety oversight.

NEW PRODUCTION REACTOR

Question 8. What role should the Defense Nuclear Facilities Safety Board have in the acquisition of new production reactor capacity?

Answer. The role of the Board in the new production reactor program should be similar to that for other defense nuclear facilities and should provide external safety oversight on all activities. It is important that the primary responsibility for nuclear safety within the NPR program be the responsibility of the line management of the program with appropriate DOE internal oversight. This allows responsibility for specific actions and procedures to be pinpointed for examination, correction, or acceptance.

There is a wide variety of safety items associated with acquisition of NPR capacity. Initially, the activities of the DNFSB would focus on those identified by the DOE NPR program that relate to nuclear safety. As the NPR program progresses, I believe that it will be necessary to establish, within the DNFSB, a group within the staff that will focus on the NPR program.

The role of the Board will be somewhat different than that for existing facilities because the Board will be involved essentially at the beginning of the process of acquisition. The initial activities would probably be directed toward generic reactor safety items where existing data, standards and methodologies may apply. During the conduct of these activities it will be important to identify any safety issues which are specific to the project or site and need to be addressed. The Board will then monitor the development and application of these to the project by the DOE.

PRIORITIES

Question 9. To which Department of Energy defense nuclear facilities would you recommend the Safety Board first direct its attention?

Answer. In determining which DOE defense nuclear facilities should first receive attention by the Board, it is necessary that the Board be responsive to DOE for needs related to the defense of the country and which facilities have the greatest potential for adverse effects on the health and safety of the public. The first step is to examine the facility safety priorities established by the DOE. I would expect that this has been done by the DOE and that significant efforts have been expended in doing this.

The Board needs to determine if the DOE priorities are the correct ones or in the absence of a DOE prioritization, the Board will need to establish priorities. Priorities would probably be established in groups where facility similarity and likeness provide the grouping basis. Priorities would be established by examining which facilities provide the greatest potential for uncontrolled releases that would put the health and safety of the public at risk. In the absence of scientific data, perceived risk could be used for prioritization with further analyses and investigations for confirmation of the decision.

INVESTIGATIONS

Question 10. Section 312 of the Atomic Energy Act provides that the Defense Nuclear Facilities Safety Board shall "investigate any event or practice at a Department of Energy defense nuclear facility which the Board determines has adversely affected, or may adversely affect, public health and safety." What types of investigations would you recommend the Safety Board undertake?

Answer. There are three levels of investigation that are appropriate for use in safety oversight by the Board. These are special investigations, on-going investigations, and unannounced investigations. In addition to the normal activities of the Board these investigations would be directed to a specific topic and probably at a specific facility. Special investigations would address unusual events, practices, or activities. On-going investigations would be those that address an identified topic which is most likely generic. Unannounced investigations serve the purpose of providing "at the time" conditions of a topic of interest.

The purpose of any investigation would be to determine if adequate standards are specified; if standards are being properly implemented; to ascertain information concerning the events and its implications; and to determine if the event has implications at other facilities.

SAFETY STANDARDS

Question 11. In your view, how closely should the safety standards for Department of Energy defense nuclear facilities parallel NRC regulations that govern the operation of commercial nuclear reactors?

Answer. I believe that it is not unreasonable to expect the risk offered to the public by DOE defense nuclear facilities not to be different from that offered by commercial nuclear reactors. Hence, I believe standards, that are generic and apply to commercial nuclear reactors should also apply to DOE defense nuclear facilities as appropriate.

It is important to realize that DOE facilities are different and differ from commercial facilities and, comparatively, many have inherent safety features. Hence, a particular commercial standard may not be applicable and appropriate standards will need to be developed.

Existing facilities, where actions of retrofitting, upgrading and repairing are being undertaken, present a real challenge because many times standards do not exist and the action may be one of a kind or time. This is true not only for DOE facilities but also for commercial facilities. Therefore, it is necessary to take steps to establish procedures or standards that will provide acceptable performance of the facility and adequate protection of the public for these singular actions.

Hence, I believe that commercial nuclear reactor safety standards are appropriate for the DOE defense nuclear facilities if the standards are generic and can account for differences in the nature of the facilities. Otherwise it is necessary to develop standards that will be appropriately applicable.

[Question for the record with answer supplied follows:]

QUESTION SUBMITTED BY SENATOR STROM THURMOND

PARTICIPATION IN NEW PRODUCTION REACTORS

Senator THURMOND. As you may be aware, the Department of Energy is currently discussing the design of the New Production Reactors with various contractors. What part do you see the Board playing in the selection and construction of the New Production Reactors?

Mr. EGGENBERGER. The role of the Board in the selection and construction of the New Production Reactors is similar to the role for other defense nuclear facilities and should be to provide independent safety oversight. Once the reactor concepts are selected and the design begins, the Board will review the design before construction begins. During the construction, the Board will periodically review and monitor the construction. This process is to ensure adequate protection of public health and safety.

As the selection and construction of New Production Reactors proceeds, I would expect that there would be a focus on generic reactor safety issues for New Production Reactor capacity as well as specific safety issues related to different selected reactor types. The Board will then monitor the further development and resolution of these safety issues by the Department of Energy New Production Reactor program.

[The nomination reference of Andrew J. Eggenberger follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
August 4, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services.

The following-named person to be a Member of the Defense Nuclear Facilities Safety Board for a term of four years:

Andrew J. Eggenberger, of Montana. (New Position)

[The biographical sketch of Andrew J. Eggenberger, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF ANDREW JON EGGENBERGER

Born: May 8, 1938; Height: 6'0"; Weight: 180 lbs.

Marital status: Single.

Education: General Motors Institute, Flint, Michigan; degree: None; major: Business and Engineering Management.

Carnegie Mellon University, Pittsburgh, Pa.; degree: Bachelor of Science, 1961; major: Civil Engineering.

The Ohio State University, Columbus, Ohio; degree: Master of Science, 1963; major: Civil Engineering, Engineering Mechanics and Physics.

Carnegie Mellon University, Pittsburgh, Pa.; degree: Doctor of Philosophy, 1967; major: Civil Engineering and Applied Space Science.

Graduate School of Industrial Administration; Carnegie Mellon University; courses in Management and Finance, 1981 and 1982.

Professional experience: 1984 to present: Program Director and Leader, Earthquake Hazard Mitigation Program, National Science Foundation, Washington, DC. Responsible for the development and execution of the Earthquake Engineering element of the President's National Earthquake Hazards Reduction Program. Requires extensive coordination with other Federal agencies, regional activity groups, university researchers, and Congress.

Also member of Committee on Seismic Isolation for Department of Energy's New Production Reactor Program at Idaho National Laboratory and Savannah River Plant. Member of Board of Governors for Department of Energy's Seismic Technology Program.

1982 to present: Expert Consultant in Nuclear Safety, Division of Nuclear Safety, International Atomic Energy Agency, Vienna, Austria. Provides expert services to the agency and member states on nuclear safety issues related to sitting and construction of Nuclear Facilities. Currently involved with two proposed nuclear generating facilities in member states. Directly involved with writing, reviewing and implementing nuclear safety standards and regulations.

1972 to 1984: Associate Partner, D'Appolonia Consulting Engineers, Pittsburgh, Pa. Directly In Charge of Nuclear Facilities Group. Group deals with engineering issues in nuclear facilities ranging from mining, milling, fabrication, reprocessing generating, to disposal units both domestic and foreign. Extensive preparation of licensing documents and their defense in the public sector and domain. Responsible for securing business, cost control, schedules, technical content and completion of projects. Projects in both defense and private sectors. Extensive participation in Naval Reactors prototype programs. Nuclear Group contained about 50 professionals, most with advanced degrees. Along with one other partner, was responsible for developing nuclear waste and repository business.

1967 to 1972: Professor and Researcher, University of South Carolina, Columbia, South Carolina. Teaching and research in the College of Engineering.

1961 to 1963: Summer employment. The Boeing Company, Seattle, Washington. Performed research for several defense projects. Participated in preparation of proposals for new business.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Andrew J. Eggenberger in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Andrew Jon "A. J." Eggenberger.

2. **Position to which nominated:**

Member, Defense Nuclear Facilities Safety Board.

3. **Date of nomination:**

August 4, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

May 8, 1938, Harlowton, Montana, USA.

6. **Marital status:** (Include maiden name of wife or husband's name.)

Single.

7. **Names and ages of children:**

None.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

General Motors Institute September 1956 to September 1958, none.
Carnegie Mellon University September 1958 to June 1961, BS, 1961.
The Ohio State University September 1961 to June 1963, MS, 1963.
Carnegie Mellon University September 1963 to January 1967, PhD, 1967.
Carnegie Mellon University 1981, 1982, none.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

A. Program Director, Earthquake Engineering Program, National Science Foundation, Washington, DC., 1984 to present.

B. Expert, Nuclear Safety, International Atomic Energy Agency, Vienna, Austria, 1982 to present.

C. Associate Partner, Domestic Nuclear Group, D'Appolonia Consulting Engineers, Inc., Pittsburgh, Pa., 1970-1984.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Member, Committee on Seismic Isolation for Department of Energy's New Production Reactor Program at Idaho National Engineering Laboratory and Savannah River Plant.

Member, Board of Governors for Department of Energy's Seismic Technology Program.

11. **Business relationships: List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.**

Limited Partner, D'Appolonia Petroleum Partnership.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Earthquake Engineering Research Institute—none.
American Nuclear Society—none.
U. S. Naval Institute—none.
Aircraft Owners and Pilots Association—none.
Sigma Alpha Epsilon—none.
American Institute of Aeronautics and Astronautics—none.
Confederate Air Force—none.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Republican Party, member.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

1988—Republican National Committee, $500; Victory 88—California, $1,000.
1987—Republican National Committee, $500.
1986—Republican National Committee, $500.
1985—Republican National Committee, $500.
1984—Republican National Committee, $1,000.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Ford Foundation Fellowship, 1965-1966.
ASEE-NASA Summer Fellowships, 1967, 1968, 1969.
Ralph R. Teetor Educational Award, Society of Automotive Engineers, 1969.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

No books, many engineering reports (over 100).

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe that I was chosen because of my expertise and experience in nuclear safety and engineering and my integrity.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have been involved professionally for over twenty years in nuclear safety and related activities that are very diverse. These include design, safety analyses, development of codes and standards, and regulatory affairs.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Andrew Jon "A.J." Eggenberger.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the aduit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

A.J. EGGENBERGER.

This 28th day of July, 1989.

[The nomination of Andrew J. Eggenberger was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 18, 1989.]

[Prepared questions submitted to Herbert J.C. Kouts by Senator Nunn prior to the hearing with answers supplied follow:]

September 5, 1989.

Senator SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR SENATOR NUNN: In accordance with the instructions in your letter of August 15, 1989, I enclose the answers I have prepared to the questions that you forwarded to me in connection with the hearing now scheduled for September 7, on my nomination by the President to the Defense Nuclear Facilities Safety Board.

Sincerely,

HERBERT KOUTS.

Enclosure.

MOST SERIOUS PROBLEMS

Question 1. What, in your view, are the most serious problems in ensuring that public health and safety are adequately protected at Department of Energy defense facilities?

Answer. The Department of Energy has a number of serious problems to be resolved in ensuring public health and safety at its defense facilities. In my view, these are:

Restoring a safety culture throughout the DOE system, at all levels, flowing from the top downwards in both the DOE and its contractors.

Establishing an internal system in which good safety management is ensured, in which responsibility and authority for safety and operations flow in the same management chain.

Updating procedures and technical requirements to meet modern understanding of the means to achieve safety, as this has been developed for the commercial sector under the NRC.

Completing establishment of an internal system of oversight with assured access to top Departmental management where necessary.

Recruiting additional personnel with technical competence into safety and operational positions.

Finding the necessary financial resources to do all these things.

The Defense Nuclear Facilities Safety Board also has some problems of an operational nature to solve in developing the momentum necessary for it to discharge its responsibilities. I see these as:

Recruitment of necessary staff members and establishment of a working system.

Coming up-to-date concerning the safety problems in the DOE defense facilities.

Coming up-to-date with activities under way at these facilities to solve the problems, so that the Board can conduct its responsibilities without impeding Departmental action.

RESPONSIBILITIES

Question 2. Should you be confirmed as a member of the Defense Nuclear Facilities Safety Board, what would you view as your principal responsibilities?

Answer. I would see my responsibility to lie in actions in concert with fellow Board members in discharge of the responsibilities formulated by Congress in the pertinent legislation. I would personally involve myself in each separate activity of the Board and formulate my own position based on information at hand. This does not imply any anticipated differences among Board members, because I do not foresee such problems. Rather it means that I expect all Board members to pursue all separate Board actions, without any assigned special interests.

REVIEW AND EVALUATION OF SAFETY STANDARDS

Question 3. Section 312 of the Atomic Energy Act directs the Defense Nuclear Facilities Safety Board to "review and evaluate the content and implementation of the standards relating to the design, construction, operation, and decommissioning of defense nuclear facilities." What specific approach would you recommend the Safety Board take to conducting this review and evaluation and what would be the first standards you would recommend the Safety Board review?

Answer. I would recommend that the general process of the Board's review of DOE standards, orders, regulations, and requirements should start at the top of the pyramid of requirements, with DOE Orders assigning Departmental authority and responsibility for safety at defense nuclear facilities. The process would then logically proceed to DOE documents containing general and specific requirements for safety in design and operations, and for review and oversight of these activities. It would then go into safety requirements as they have been transmitted to the contractors for defense facilities, and contractual provisions. I would recommend that the reasons for each requirement should be made clear, including the role of the requirement in achieving the objective.

I would recommend that the review use as its measure of acceptability the document "Basic Safety Principles for Nuclear Power Plants" issued recently by the International Nuclear Safety Advisory Group of the International Atomic Energy Agency.

I would recommend that the Board direct its attention first to the documents as they apply to the facilities that have excited the greatest attention concerning safety. These are at this time the Savannah River Site, the Rocky Flats Plant, the Fernald Feed Materials Production Center, and the Waste Isolation Pilot Plant in

New Mexico. Difficult problems exist at each, with time pressures on DOE for resolution, and there is no good basis for assigning any one a priority over the others.

OVERSIGHT RESPONSIBILITIES

Question 4. In your view, do the responsibilities of the Defense Nuclear Facilities Safety Board overlap with the internal safety organization of the Department of Energy, and if so, how would you recommend the responsibilities of the Board be clarified?

Answer. The Secretary of Energy has issued the Notice SEN-6-89, which makes it clear that there will be no overlap of areas of responsibility of the Advisory Committee on Nuclear Facility Safety with those of the Defense Nuclear Facilities Safety Board. The Secretary has also taken additional steps to establish safety oversight within the DOE as part of the operation of the Department. He must be assured of the safety of his activities on a plane completely apart from the oversight by the DNFSB. I do not regard these internal Departmental oversight functions as overlap of responsibilities with those of the DNFSB. The Secretary is acting to discharge his responsibility to ensure safety in his operations. The DNFSB will exercise oversight to conclude independently how well he has done.

Question 5. What type of organizational and operational arrangements should exist between the Defense Nuclear Facilities Safety Board and the Advisory Committee for Nuclear Facility Safety, and what should be the extent of interaction and coordination between the two organizations?

Answer. I can see two areas of intersection of interest of the Defense Nuclear Facilities Safety Board and the Advisory Committee for Nuclear Facility Safety. The first is an essential overlap during the period of transition, in the first weeks of the Board's existence. The ACNFS has been especially deeply engaged in the review of restart matters at Savannah River, and this is an area in which the DNFSB must quickly come up to speed, prior to assuming its full responsibility. This will require a period of overlap.

Second, there should be continued interaction to ensure a consistency of safety concepts across the activities of the DOE. This will be necessary because the two bodies will be exercising oversight on complementary parts of the Department's activities.

Question 6. In your view, is the model for operation of the Defense Nuclear Facilities Safety Board more like that of the Nuclear Regulatory Commission, with the long-term objective being formal regulation of the Department of Energy's defense facilities, or more like that of the NRC's Advisory Committee on Reactor Safeguards?

Answer. I believe that the Defense Nuclear Facilities Safety Board is not meant to be patterned after either the Nuclear Regulatory Commission or the Advisory Committee on Reactor Safeguards. It will not be a regulatory body, because its determinations will not be binding on the Secretary of Energy. The steps he must take if he decides to act counter to a recommendation by the Board are severe enough to discourage his doing so, but the fact remains that he can decide to do it.

Yet the Board will have powers, prerogatives, and responsibilities exceeding those of the ACRS in its field. The Board will have a legislatively mandated access to facilities, personnel, and information within the DOE. It is charged with conducting investigations into Departmental defense facility matters where it considers nuclear safety to be in question. It can hold hearings and subpoena witnesses. It will have an independent staff and an independent budget. It is required to report annually to Congress on its activities. These do not have corresponding functions in ACRS activities.

RESTART OF THE SAVANNAH RIVER REACTORS

Question 7. What role should the Defense Nuclear Facilities Safety Board have in the restart of the Savannah River reactors?

Answer. In my opinion, the Board should review the restart plan for the Savannah River Reactors to determine that it will solve safety questions before restart, should track the fulfillment of the restart plan, and should make a final determination on readiness for restart before it begins. This should be done in full recognition of the importance of the reactors to the status of national defense, but without any compromise of public health and safety.

NEW PRODUCTION REACTOR

Question 8. What role should the Defense Nuclear Facilities Safety Board have in the acquisition of new production reactor capacity?

Answer. The legislation makes it clear that the Board should review safety of the design of a proposed new production reactor at the design stage, and recommend any changes considered necessary to ensure public health and safety. It should track construction to ensure achievement of safety intent. It should continue to advise the Secretary of Defense as to its findings, and should inform him of its recommendations for changes and improvements.

PRIORITIES

Question 9. To which Department of Energy defense nuclear facilities would you recommend the Safety Board first direct its attention?

Answer. As stated above, I recommend that the Board direct its attention at once to the defense nuclear facilities concerning which there have been substantial questions as to safety. These are Savannah River, Rocky Flats, Fernald, and the WIPP. All need early Board involvement, and there seems to be no basis for assignment of priorities among them.

INVESTIGATIONS

Question 10. Section 312 of the Atomic Energy Act provides that the Defense Nuclear Facilities Safety Board shall "investigate any event or practice at a Department of Energy defense nuclear facility which the Board determines has adversely affected, or may adversely affect, public health and safety." What types of investigations would you recommend the Safety Board undertake?

Answer. I can see situations arising calling for investigation because the Board has identified them in the course of its activities, because of allegations made to the Board or that have come to its attention by other means, or as a result of information from a source in the government or the public. I would recommend early Board investigation into nuclear safety practices at the Rocky Flats and Fernald plants.

SAFETY STANDARDS

Question 11. In your view, how closely should the safety standards for Department of Energy defense nuclear facilities parallel NRC regulations that govern the operation of commercial nuclear reactors?

Answer. I believe that activities in the field of commercial nuclear reactors and those in the defense nuclear facilities of the Department of Energy should be guided by the same safety objectives and safety principles. I recommend the IAEA's "Basic Safety Principles for Nuclear Power Plants," of which I am one of the authors, as a guide to this common set of assumptions, and I understand that the intention on both sides is to proceed on this line.

[Question for the record with answer supplied follows:]

QUESTION SUBMITTED BY SENATOR STROM THURMOND

SAFETY REVIEW OF OTHER SITES

Senator THURMOND. You recommend in your response to the advance questions that the Board direct its attention at once to the facilities that have been identified as having safety problems: Savannah River, Rocky Flats, Fernald, and the Waste Isolation Pilot Plant. Since these sites have been identified as having problems and the Department of Energy is taking steps to resolve them, would it not be more important that you review the safety of the other nuclear weapons sites to ensure their safe operations?

Mr. KOUTS. I believe that the Board is not supposed to supplement the Department of Energy's safety activities, but is supposed to oversee them to ensure that they adequately protect the public health and safety. In addition, I believe that the Board should so structure its priorities as to make sure that important national defense activities are not impaired because of slow Board action. The facilities I mentioned are important both because they present difficult problems affecting public health and safety, and they are vital to national defense objectives. This elevates them to high standing in the Board's priorities.

In addition, these facilities have problems with immediacy, whereas other sites have problems that can be addressed more deliberately. I make an exception for the high level waste tanks at Hanford, which Senator Glenn has pointed out as requiring early attention.

[The nomination reference of Herbert J.C. Kouts follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
August 4, 1989.

Ordered, that the following nomination be referred to the Committee on Armed Services:

The following-named person to be a Member of the Defense Nuclear Facilities Safety Board for a term of three years: Herbert J.C. Kouts, of New York. (New Position.)

[The biographical sketch of Herbert J.C. Kouts, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF HERBERT J.C. KOUTS

Date of birth: December 18, 1919.

Place of birth: Bisbee, Arizona.

Education: Public grammar and high schools in Arizona, Texas, California and Louisiana.

B.S. Mathematics, 1941, Louisiana State University, Baton Rouge, Louisiana.

M.S. Physics, 1946, Louisiana State University, Baton Rouge, Louisiana.

Ph.D. Physics, 1952, Princeton University, Princeton, New Jersey.

Military service: U.S. Signal Corps, U.S. Air Force, 1942-1945. To inactive duty October, 1945, as Major, U.S. Air Force. Liaison with RAF on airborne night fighter radar, 1942. Special Staff, 8th Bomber Command, England, 1943. Organized, taught, and directed school on maintenance of airborne radar equipment. Staff of U.S. Air Force Headquarters, Washington, D.C., 1944-45. Directed bombardment crew training in airborne radar. 1945—Staff of Continental Air Command, Washington, D.C. Directed bombardment crew training in airborne radar.

Employment: 1950-1973, Brookhaven National Laboratory, Upton, New York.

1950-1952, Head, Reactor Shielding Group.

1952-1968, Head, Experimental Reactor Physics Group.

1956-1968, Head, Reactor Physics Division.

1968-1973, Head, Technical Support Organization (Think Tank for DOE in nuclear materials safeguards).

1973-1975, United States Atomic Energy Commission Washington, D.C., Director, Division of Reactor Safety Research.

1975-1976, United States Nuclear Regulatory Commission Washington, D.C., Director, Office of Nuclear Regulatory Research.

1976-present, Brookhaven National Laboratory, Upton, New York.

1976-1978: Head, International Safeguards Project Office.

1977-1988; Chairman, Department of Nuclear Energy.

1988- Senior Physicist, Department of Nuclear Energy.

Other Activities: AEC Advisory Committee on Reactor Physics, 1957-62.

European-American Committee on Reactor Physics, 1958-62.

Member, Advisory Committee on Reactor Safeguards, 1962-66.

Chairman, Advisory Committee on Reactor Safeguards, 1964.

Consultant to AEC Commissioners on Emergency Core Cooling, 1972-73.

Principal consultant to New York State Atomic and Space Development Authority on Reactor Safety, 1970-73.

Member, Mayor's Advisory Committee on Radiation Safety, City of New York, 1970-73.

Chairman, New York Hall of Science Reactor Safety Committee, 1969-73.

Member, National Academy of Engineering, 1972.

Member, Risk Assessment Review Group to U.S. Nuclear Regulatory Commission (Lewis Committee), 1973.

Reviewed state of protection of N-Reactor at Hanford, Washington, 1978.

Chairman of an Ad Hoc Committee reviewing safety of New York State nuclear reactors for the New York State Power Pool, 1980.

Member, Atomic Industrial Forum Committee on TMI-2 Recovery, 1980.

Member and Vice Chairman, Reactor Safety Research Review Group (reporting to the President's Nuclear Safety Oversight Committee, 1981.

Reviewed state of safety of N-Reactor at Hanford for United Nuclear Corporation and Department of Energy, 1981.

Consultant to Advisory Committee on Reactor Safeguards, on Pressurized Thermal Shock, 1981.

Member, Advisory Committee of ORNL Engineering and Physics Division, 1981-84.

Member, ANS Special Committee on Sources Term, 1982-84.

Reviewed state of protection of FFTF at Hanford for U.S. Department of Energy, 1983.

Member of Governor Cuomo's Commission to review the Shoreham reactor, 1983.

Member, U.S. Department of Energy Defense Energy Task Force, 1983.

Member, National Research Council Committee on Hydrogen Combustion (as affecting nuclear reactor safety), 1985-87.

Member, National Research Council Committee on Hybrid Fusion Reactors, 1985-87.

Member, International Nuclear Safety Advisory Group (Advisory to Director General, IAEA) Chairman, 1985-1988.

Member, Steering Committee on Joint U.S.-Taiwan Nuclear Safety Research Programs, 1983.

Member, National Research Council Committee on Safety of DOE Reactors, 1986.

Chairman, National Research Council Committee on Nuclear Materials Management at DOE Facilities, 1986.

Chairman, Special Committee to Review Safety of Nuclear Reactors on Taiwan, 1988.

Member, New Production Reactor Safety Panel, 1988.

Honors and Awards: Atomic Energy Commission's E.O. Lawrence Award, 1963.

Atomic Energy Commission's Distinguished Service Award, 1975.

Nuclear Regulatory Commission's Distinguished Service Award, 1976.

American Nuclear Society Nuclear Reactor Safety Division's Tommy Thompson Award, 1983.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Herbert J.C. Kouts in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9; B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Herbert John Cecil Kouts.

2. **Position to which nominated:**

Member, Defense Nuclear Facilities Safety Board.

3. **Date of nomination:**

August 4, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

December 18, 1919; Bisbee, Arizona.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married to Barbara S. Stokes.

7. **Names and ages of children:**

Children: Anne Elizabeth Golden, age 44; Catherine Jennifer Kouts, age 39; stepchildren: Francis Thomas Spitzer, age 29; Michael William Spitzer, age 26; Daniel Carl Spitzer, age 23.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Ball High School, Galveston, Texas, 9/33-?/35.

C.E. Byrd High School, Shreveport, LA ?/35-6/36 High school diploma.

Louisiana State University, Baton Rouge, LA 9/37-1/42; 9/45-6/46 BA 6/41, MS 6/46.

Princeton University, Princeton, NJ 9/46-7/50 PhD 1/52.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

During all of the last 10 years, Senior Scientist in charge of research at Brookhaven National Laboratory, Upton, NY 11973.

Also consulted as follows:

(1986) 7 days for Pacific Gas & Electric Co., 77 Beale St., San Francisco, CA.

3 days for McDermott, Will & Emery, 111 Monroe St., Chicago, IL (1987).

10 days in 1988 for Atomic Energy Council of Taiwan, Keelung Road, Taipei, Taiwan.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

In 1962-66 I was a member (and chairman in 1965) of the Advisory Committee on Reactor Safeguards, Atomic Energy Commission. In 1973-74 I was Director of the Division of Reactor Safety Research of the Atomic Energy Commission.

In 1975-76 I was Director of Research of the Nuclear Regulatory Commission.

Over the years I served in numerous advisory capacities to the Nuclear Regulatory Commission, through contractual relations for my services negotiated between Brookhaven National Laboratory and the Nuclear Regulatory Commission.

I have on occasion in recent years assisted the Advisory Committee on Reactor Safeguards through a no-fee contract.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

I am a member of the Board of Directors of Scientists and Engineers for Secure Energy, a non-profit public service organization.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

National Academy of Engineering.
New York Academy of Science.
American Nuclear Society.
Scientists and Engineers for Secure Energy.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

National Academy of Engineering, 1978.
Atomic Energy Commission's E.O. Lawrence Award, 1963.
Atomic Energy Commission's Distinguished Service Award, 1975.
Nuclear Regulatory Commission's Distinguished Service Award, 1976.
American Nuclear Society's T.J. Thompson Award, 1983.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

I have published numerous articles, most of which appear on the attached list.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Information submitted and retained in committee files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe it was because of my extensive background in safety in the field of nuclear energy.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

See 17a above.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Herbert John Cecil Kouts.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

HERBERT KOUTS.

This 7th day of August, 1989.

[The nomination of Herbert J.C. Kouts was reported to the Senate by Senator Sam Nunn on October 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on October 18, 1989.]

NOMINATIONS OF ROBERT C. DUNCAN TO BE DIRECTOR OF OPERATIONAL TEST AND EVALUATION AND DUANE P. ANDREWS TO BE ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE)

TUESDAY, NOVEMBER 7, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:05 p.m., in room SR-222, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Dixon, Wirth, Warner and Thurmond.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: Robert E. Bayer, John J. Hamre, William E. Hoehn, Jr., David S. Lyles, T. Kirk McConnell and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; Brian D. Dailey, George K. Johnson, Jr., George W. Lauffer, Durwood W. Ringo, Jr., and Ann Elise Sauer, professional staff members.

Staff assistants present: Barbara L. Braucht and Mickie Jan Wise.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; Milton D. Beach, assistant to Senator Glenn; Jefferson B. Seabright, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; Dudley L. Carlson, assistant to Senator Wilson; Robert M. Soofer, assistant to Senator Gorton; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

This afternoon, the committee meets to conduct a series of nomination hearings for key civilian positions in the Department of Defense.

These hearings come as the committee is completing a very heavy work load. We have just finished a long and intense 8-week conference on the fiscal years 1990–1991 Defense authorization bill. The conference report was filed in the Senate yesterday. The House is expected to file today, and by the end of the week the Senate action hopefully will follow.

Our committee is also taking an active interest in the conference on the fiscal year 1990 Defense appropriation bill which started yesterday. Although we are not directly involved, we have continuing responsibilities in terms of communication with our appropriation conference.

We have a hearing tomorrow morning at 9:30 a.m. in the Dirksen Senate Office Building, room 342, on the impact of a sequester on the Department of Defense with the DOD Comptroller, the Vice Chiefs of the services and with the senior military budget officials.

Our oversight hearings on the Navy investigation into the gun turret explosion aboard the U.S.S. *Iowa* will begin early next week.

We also need to take up 11 civilian nominations currently pending before the committee, and we will have hearings on seven today. It is certainly not my preference to handle so many nominations at one time, but we have no other option.

Last spring, we set aside a number of dates each week for confirmation hearings, but most of these dates were not used because large numbers of nominations were not submitted to the Senate. I know Secretary Cheney did his very best to expedite the clearance process within the executive branch.

The Armed Services Committee did not receive large numbers of Defense Department nominations until we were in mark-up in July, and when our bill was on the floor just prior to the August recess. Even during that busy period we processed and the Senate confirmed four nominations just prior to the August recess in addition to the 11 we had already confirmed.

During September and October the conference has taken virtually all of our time and the time of the staff. Nevertheless, the committee has conducted hearings on 11 nominees during this period and 10 have been confirmed by the Senate.

With the adjournment of this session of Congress in 2 weeks a real possibility, it is my intent to have the committee hold hearings on all pending civilian Defense Department nominees this week and next. We will hear from seven nominees today and possibly three more on Thursday afternoon or early next week.

Next week, the committee will also begin the hearings on Mr. Victor Stello's nomination to be Assistant Secretary of Energy for Defense Programs in the Department of Energy.

With all the other responsibilities of the committee in the last several weeks, I know there are members of the committee who have not had a full opportunity to meet with some of the Defense Department nominees we will be hearing from this week and next. In addition, some of the nominees have not submitted all of their required paperwork to the committee, which will have to be done before we act.

Finally, the committee staff, which has been working night and day on the conference for the past 2 months, informs me they need some additional time to complete the processing of some of these nominations. As a result, I do not intend to ask the committee to take any action on the nominees this week.

I would put all members on notice that we will schedule committee action early next week. This will give members an opportunity to meet with all of the nominees and obtain any answers to questions. It will also give all of the nominees time to submit their required paperwork and give the staff the time to complete their review.

So we are pushing this into high gear and doing all we can do, but we are also going to give people time to ask questions and make sure we are not precluding any pertinent questions for these important positions.

The committee also has pending the nomination of Mr. Robert McMillan to be a member of the board of directors of the Panama Canal Commission. Mr. McMillan has responded to written questions from the committee and his responses have been provided to all members of the committee. It would be my intent to follow our normal procedure for nominations to this position and to act on Mr. McMillan's nomination next week without a hearing, unless some member of the committee requests a hearing.

With that as background, our first panel this afternoon consists of two nominees for very important positions in the office of the Secretary of Defense. Dr. Robert Duncan has been nominated by the President to serve as the Director of Operational Test and Evaluation for the Department of Defense.

On behalf of the committee I want to extend a warm welcome to Dr. Duncan and his wife Rosemary, who is with him today. If you will hold up your hand, we can identify you. We are glad to have you here with your husband today. He has been here many times before, but this is in a different capacity.

The Office of the Director of Operational Test and Evaluation was established by the Congress in the Fiscal Year 1984 Defense Authorization Act. The director is the principal adviser to the Secretary of Defense and the Under Secretary for Acquisition on all operational test and evaluation-related matters in the Department.

He also is the senior management official within the Department responsible for establishing operational test and evaluation policy guidance and for reviewing operational test and evaluations performed by the military services.

There are going to be many instances where the director must set policy or report test results that are very unpopular to the services involved, to the Defense Department, or possibly even to segments of the Congress. It is important that the person nominated to this critical position understand the absolute necessity to act with integrity and courage in those instances.

In a very real sense, the Director of Operational Test and Evaluation is the Department of Defense conscience, charged with ensuring that only those systems that are truly operationally effective and suitable for release to the men and women of our military services are permitted to enter into production and subsequently to be fielded.

Dr. Duncan has a distinguished career in industry and government. In his current position as Director of Defense Research and Engineering he has testified before this committee numerous times.

Prior to serving in this position, Dr. Duncan worked in the Department as Assistant Secretary for Research and Technology, as

Director of DARPA and the Office of the Chief of Naval Operations for NASA at the Manned Spacecraft Center, and as a corporate officer with the Polaroid Corporation.

Mr. Duane Andrews has been nominated by President Bush for the position of Assistant Secretary of Defense for Command, Control, Communications and Intelligence. This also is a very responsible and important job.

I want to welcome Mr. Andrews to the committee this afternoon, along with the members of his family who are with him—his wife Opal, their son Terrill and their daughter Payton, if you would hold up your hands. We are delighted to have you here today.

The position of Assistant Secretary of Defense for Command, Control, Communications and Intelligence is an important and demanding position. Communications constitute the nervous system of the military forces. Nothing works without them. Intelligence, in turn, is the basis for the requirements for our military equipment and the beginning of sound operational planning.

Mr. Andrews comes to this confirmation hearing with over 21 years of relevant professional experience. He possesses first-hand knowledge of the organization and operation of U.S. intelligence activities and capabilities, including 12 years as a professional staff member of the Government Select Committee on Intelligence of the House of Representatives, so he has seen the inside of Congress, for better or worse, and I am sure there have been instances of both.

Also, several nominees this afternoon have responded in writing to questions that I have sent them. These answers have been provided to all committee members and I ask unanimous consent that they be made part of the record.

[The information follows at the end of the hearing record.]

We know there are a number of families that are not able to come in now because of the crowded space in our limited committee room, and so what we are going to do is proceed with these two nominees and then we will hopefully have a little room for the others who want to come in. So we are delighted to have both of you here today.

Senator Warner is not here yet. He is on his way. Senator Thurmond, do you have any opening remarks on behalf of the minority?

Senator THURMOND. Thank you very much, Mr. Chairman.

Mr. Chairman, I join you in welcoming the nominees to today's hearing.

In view of the fact that some of them have waited over 2 months for this day, I hope the committee will be able to act quickly on their nominations and let them get on their jobs.

To all of you being considered for the various positions within the Office of the Secretary of Defense and all of the services I extend to you my congratulations. Your nominations are indicative of your expertise and the confidence the President has in your abilities to serve our Nation and its outstanding service members.

I know that your presence here today speaks highly of your abilities. More importantly, however, it is an indication of your dedication and patriotism. All of you are making financial sacrifices to serve in the position for which you are nominated. I applaud you for these sacrifices and believe that it not only reflects highly on you but also on our country, and I wish you well.

Mr. Chairman, I am supposed to be in a Judiciary Committee meeting, if you will excuse me. I just want to say to all of these nominees, Mr. Duncan and Mr. Andrews, and Mr. McCormack, Mr. Donley, Ms. Livingstone, Ms. Petersen, Mr. Craig, who will be on subsequent panels, that I am very pleased to support your nomination. I think you are well qualified and I hope you will be happy in your work.

Thank you, Mr. Chairman, for your courtesy.

Chairman NUNN. Thank you, Senator Thurmond.

Mr. Duncan, we will hear from you first and then Mr. Andrews, any comments you would like to make before the committee.

STATEMENT OF ROBERT C. DUNCAN, DIRECTOR—DESIGNATE, OPERATIONAL TEST AND EVALUATION, DEPARTMENT OF DEFENSE

Dr. DUNCAN. I have no written statement, Mr. Chairman.

I am pleased to appear before this committee for the third time in the confirmation process. The first time was, as you indicated in your opening remarks, in 1986 for the job of Assistant Secretary for Research and Technology and Director of DARPA, and then again about 2 years ago in my present position as Director of Defense Research and Engineering.

I am delighted to appear again before this committee in reference to this very important job for which I am being considered. I have been asked by members of the staff and by lots of other people why I would want to be serving in such a controversial and difficult job as the Director of Operational Test and Evaluation, and my simple answer to that is, my country has done a lot for me and I would like to do more for my country.

Thank you.

Chairman NUNN. Thank you, Dr. Duncan. Mr. Andrews.

STATEMENT OF DUANE P. ANDREWS, ASSISTANT SECRETARY OF DEFENSE—DESIGNATE (COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE)

Mr. ANDREWS. Thank you, Mr. Chairman. I appreciate the opportunity to appear here today as the President's nominee for the Assistant Secretary of Defense for C^3I. I am honored to be nominated and to be considered by this committee.

I firmly believe that C^3I systems are indispensable not only as a strong force for peace but as an essential tool in war.

I was working on the Hill as a staff member for the House in 1981, when this committee, led by Senator Warner's Strategic Subcommittee, directed the study which led to the reestablishment of the position of the ASD(C^3I). I believe the office has been a positive force in enhancing the ability of our C^3I systems to support the Department's forces and their weapons systems.

If confirmed, I will sustain the dedicated commitment of my predecessors to build a strong C^3I program and will promote the management initiatives aimed at fielding an affordable mix of C^3I systems which are able to meet our current and future challenges.

Secretary Cheney is assembling what I believe to be a very strong team in the Pentagon, and if confirmed I look forward to working with Secretary Cheney, Deputy Secretary Atwood and Under Secretary Betti and with this committee to improve our national defense.

I would be pleased to answer any questions the committee may have.

Chairman NUNN. Thank you, Mr. Andrews. I have a few questions for both of you.

Let me start with you, Dr. Duncan. Your activities as a senior Defense Department mananger in DARPA in the office of the Secretary of Defense over the past several years has been closely associated with research and development. Do you believe you can sufficiently divorce yourself from being a developer to take on the role of the Department's chief evaluator?

Dr. DUNCAN. Yes, I believe I can. I do not know whether it was Shakespeare, or someone who said it is not where you sit, it is where you stand, and I think the positions that I take are important.

Chairman NUNN. Are there decisions that you will be making in your new position, if confirmed, that will require you to recuse yourself from OT&E decisions because of your past involvement in development of a system which might somehow cloud the perception of a possible conflict of interest?

Dr. DUNCAN. No, sir.

Chairman NUNN. You do not know of any?

Dr. DUNCAN. I do not know of any. The only recusing I have done, or that I have foreseen, is with respect to my employment at Polaroid, which has no Government contracts, but I submitted a letter on that. I was also a director of the Draper Laboratory, which is a not-for-profit laboratory, and I recused myself from any decisions with respect to them. They have no systems. They only develop the guidance systems for a variety of the overall weapons systems that we have and I have not been involved in those.

Chairman NUNN. How about, for instance, in DARPA, where you have developed a technology and now it is coming to fruition, and it comes before you in the form of a test to see whether it goes into production. Do you believe you have any difficulty being objective in that, even though it might have been something you helped foster to begin with?

Dr. DUNCAN. I do not believe I would have any difficulty whatsoever being objective. As a matter of fact, it takes so long to get a weapons system into production now, I would be very happy if one of DARPA's programs came up and I would be put in that position. [Laughter.]

Chairman NUNN. You think you will not be there in time?

Dr. DUNCAN. I am afraid I will not last that long.

Chairman NUNN. Do you have any suggestions on that problem while you are here? How do we speed up the process, or can we in this age of high technology and complexity?

Dr. DUNCAN. It has become much more difficult in the age of high technology and very complex weapons systems. I think there are things that can be done and I will be working with the Under

Secretary of Defense for Acquisition to do those things that I think we can do.

Chairman NUNN. Do you have any suggestions off the top of your head?

Dr. DUNCAN. No suggestions off the top of my head, except to do a thorough job all the way.

Chairman NUNN. Do you believe you can be fully independent in this job?

Dr. DUNCAN. Yes, sir.

Chairman NUNN. Do you think you have adequate authority under the law and under the overall Secretary of Defense's plan for your job within the Department? Do you think you have the total authority to be independent and to express your judgments to the Secretary of Defense and also up here on Capitol Hill?

Dr. DUNCAN. I believe, indeed I do. As a matter of fact it is written into Title 10 that I send reports on every weapons system that goes through operational tests, the same reports, the identical reports to both the Secretary of Defense, the Under Secretary of Defense for Acquisition and to the four relevant committees in the Congress. This is done before these systems are allowed to go into the next phase, which would be full-scale production.

Chairman NUNN. Will you give your personal opinion before this committee when called upon to give that opinion, even if it differs with the official Department of Defense opinion, and will you do the same for other relevant committees of the Congress?

Dr. DUNCAN. Indeed so. I think the number one personal requirement for anyone in this position is integrity, and that would require giving your personal opinion at all times.

Chairman NUNN. So you will not hesitate to give your personal views, even when they differ from the Secretary of Defense's views?

Dr. DUNCAN. I will tell the Secretary of Defense that I am going to give views that differ with his, but I will give those views.

Chairman NUNN. Have you read, Dr. Duncan, the Congressional Military Reform Caucus letter to Secretary Cheney dated June 2 of this year?

Dr. DUNCAN. Yes, sir.

Chairman NUNN. Do you have any comments concerning the basic findings discussed in that letter? I think there were eight basic findings. Do you have any observations about those?

Dr. DUNCAN. Well, they were very critical comments with respect to how the Office of Test and Evaluation has been run. Issues such as poor reports to Congress, inadequate reports to Congress, not enough stress involved in the testing of the systems (both stress to personnel and stress to the weapons systems), issues such as lack of adequate test resources, making judgments that do not agree with the data on which the judgments are based.

These are issues that are also contained in the GAO report that I have read. I intend to look at all of those issues and to do what I can to correct deficiencies that may exist.

Chairman NUNN. So you are going to look at them very seriously?

Dr. DUNCAN. Yes, sir. That is number one on my agenda.

Chairman **Nunn**. At this time, I would like to insert in the record a letter I received from members of the Military Reform Caucus here in the Congress concerning the importance of Dr. Duncan's nomination to be the Director of the Office of Operational Test and Evaluation.

Members of the Military Reform Caucus were very active in supporting this position and following its activities carefully. These individual Senators and Congressmen suggested a number of very appropriate questions for the committee to raise with Dr. Duncan.

Many of these issues were addressed in the written questions which were submitted to you earlier, Dr. Duncan, which you have already responded to, and they will be part of this record without objection.

There will be other questions posed this afternoon, but I would like to ask you—and staff can help on this—would you give us your answers in writing sometime this week to any questions that we have not covered in the written questions and not covered in today's hearings that were posed by this group of people who are very concerned about this?

Dr. **Duncan**. Yes, sir.

[The information referred to follows:]

CONGRESSIONAL MILITARY REFORM CAUCUS,
October 31, 1989.

Hon. SAM NUNN,
Chairman, Senate Armed Services Committee.

DEAR MR. CHAIRMAN: We want to take this opportunity to communicate to you our views about the importance of the nomination of Mr. Robert Clifton Duncan to be the Director of the Office of Operational Test and Evaluation, and to suggest questions and issues that we, as former and present co-chairs of the Congressional Military Reform Caucus, would like to see explored during his confirmation hearings.

As you know, the Military Reform Caucus was instrumental in the establishment of this office in 1983, and, over the years, we have closely monitored the quality of the information provided to Congress and DoD decision makers by the office, as well as the conduct of the former Director.

In May, the Caucus held a panel discussion on Pentagon weapons testing and members were dismayed that the consensus of the panelists was that insufficient progress has been made since 1983. Too many weapons are still being produced prior to completion of operational testing.

A letter was sent from over forty House and Senate members of the Caucus, to Secretary of Defense Cheney, outlining our concerns. We urged the Secretary to take a personal interest in the office and asked that he name a Director who would be aggressive in addressing the weaknesses of the operational test office raised in the Caucus discussion.

Again, we cannot overemphasize the importance we attach to ensuring that the Office of Operational Test and Evaluation act as a tough watchdog to ensure thorough, honest, rigorous and realistic operational tests of our multi-billion dollar systems prior to commitment of funds. We urge that as you consider the nomination of Mr. Duncan, you raise with him, some of the issues and questions that follow:

(1) BACKGROUND AND PHILOSOPHY

Mr. Duncan has served as Director of the Defense Advanced Research Projects Agency, Assistant Secretary of Defense for Research and Technology and Director of Defense Research and Engineering. His experience has been in the area of weapons development and his orientation in getting systems into production.

How would you describe the role of the Office of Operational Test & Evaluation in the DOD weapons acquisition process?

How would you assess the effectiveness of this office to date? What are its strengths and weaknesses? What improvements would you make and how will you effect these changes if confirmed?

What do you believe was the congressional intent in establishing the OT&E office? Do you agree with these congressional goals?

What experience do you have in weapons testing?

Given that your background has been in weapons development, do you feel you can now switch gears and push for tests that may expose the flaws and weaknesses of a system? Do you understand that your role is to slow and perhaps even call for the cancellation of a system based on operational tests, rather than commit prematurely to full-scale production?

Describe your management style and philosophy.

What personality characteristics do you feel the Director of OT&E should have?

(2) RELATIONSHIP WITH THE SERVICE

Would you cite examples where, during your tenure as Director of Defense Research and Engineering and DARPA, you stood up to a service during a disagreement and compelled the service to comply with your assessment of what should be done?

Describe what you feel is the appropriate relationship between the OT&E office and the Services.

When should the Director of OT&E cooperate with the Services? When should they be challenged? How would you try and resolve differences?

In creating this office, the Congress sought to establish an independent testing organization. Do you believe that you will have the independence to postpone, delay or cancel a weapon system that performs poorly during OT&E? How do you plan to ensure that you maintain sufficient independence to do the job?

(3) RELATIONSHIP BETWEEN OT&E AND THE DEVELOPMENTAL TEST COMMUNITY

Members of Congress were concerned that Mr. Duncan's predecessor became chairman of the Test & Evaluation Committee overseeing developmental testing. The law clearly states that operational and developmental testing are separate and that the Director may only provide advice to developmental test officials. The Military Reform Caucus continues to feel strongly that these two functions remain separate.

How do you feel about the Director of OT&E serving as the Chairman of the T&E Committee? If you disagree, what role should he play with regard to the developmental test and evaluation community?

(4) RELATIONSHIP WITH CONGRESS

What do you think is the appropriate relationship between the Office of Operational Test and Evaluation and Congress?

Describe your perception of your chain of command. Who would you go to first with a problem or disagreement? Under what circumstances would you think it appropriate to take issues to the Congress?

How should information and how much information should be conveyed to Congress on a regular basis? By request?

Under what circumstances and when should Congress be informed of problems in weapon systems as revealed through the operational test process?

(5) CONTRACTORS AND OPERATIONAL TESTING

Congress has been concerned about operational testers' use of contractor personnel to help conduct tests and evaluate test results. There have been documented cases of contractors being involved in the "scoring" of such weapons as the AQUILA remotely piloted vehicle. The law states that contractors will not be involved in operational tests except to the extent that they may be involved during combat.

Congress is also concerned about the hiring of consultants by the former Director of OT&E and the conflict of interest that represents when contractors work not only for testers but also for the companies producing the weapon.

The fiscal year 1990 Defense Authorization conference report will tighten the law to prohibit contractors involved in the development or production of a system from being involved in any way in test evaluation activities.

What is your view on the use of contractors for operational tests? Under what circumstances should contractors be involved? Under what conditions should contractors never be allowed to participate in operational tests?

What steps will you take to ensure that the law banning contractors from operational tests is complied with?

What are your views on the hiring of consultants? What steps would you take to ensure that consultants hired by your office do not have a conflict of interest?

(6) CONCURRENCY

Congress is very concerned about the evidence that so many systems go into full-scale production before operational testing is complete. The FY 90 Defense Authorization conference report will include language that better defines the term, "low-rate initial production" (LRIP) to limit systems going beyond LRIP before operational tests are complete.

What is your view on concurrency? Do you see it as a problem?

When is concurrency justified? Not justified?

(7) RESOURCES

The former Director of OT&E became involved in a controversy over the Capability Improvement Program providing for the purchase of test assets, including weapon systems from the Soviet Union and other countries. The GAO is now reviewing the propriety and legality of the Director of OT&E managing this program, and his management of it.

What is your view on the propriety and need for the Director of OT&E to control and manage test resources, including the Capability Improvement Plan and the administration of ranges, bases and other test assets?

Should the Director be given such authority, or should his role be one of watchdogging the Services' management of test resources?

Do the Services have adequate funding for test resources and are they committed enough to operational testing to purchase adequate test resources to perform realistic operational tests?

(8) TEST REALISM

One of the biggest obstacles to conducting effective operational testing is the lack of realism of many of the operational tests reviewed by Congress and the General Accounting Office.

In your opinion, what are the chief reasons for the lack of test realism?

What suggestions do you have for increasing the rigorousness and realism of operational tests?

Given the importance of the test function at DOD, we respectfully request that these questions be posed to Mr. Duncan in the course of his confirmation hearings. We further request that any of these issues not raised during the hearings be presented to Mr. Duncan for his written response for the record.

Mr. Chairman, thank you for your attention to this matter. We look forward to the results of committee's confirmation process.

Sincerely,

BARBARA BOXER,
THOMAS RIDGE,
CHARLES E. BENNETT,
Members of Congress.
WILLIAM V. ROTH, JR.,
CHARLES E. GRASSLEY,
DAVID PRYOR,
U.S. Senators.

[As instructed by the chairman, the following questions, that were not asked as part of the hearing, were answered by Dr. Duncan.]

MILITARY REFORM CAUCUS QUESTIONS

Question 1. What do you believe was the congressional intent in establishing the OT&E office? Do you agree with these congressional goals?

Answer. I believe it was the intent of Congress to provide more effective and suitable weapons systems to the Armed Services. I certainly agree with that goal.

Question 2. Given that your background has been in weapons development, do you feel you can now switch gears and push for tests that may expose the flaws and weaknesses of a system?

Answer. Yes. To me, the most important principle is integrity. If that leads to pushing for tests that exposes flaws or weaknesses in a system, then I would feel an obligation to do so.

Question 3. Do you understand that your role is to slow and perhaps even call for the cancellation of a system based on operational tests, rather than commit prematurely to full-scale production?

Answer. As part of the Defense Acquisition Board (DAB) process, I am required by Title 10 to submit a report on operational test results before a major defense acquisition program can be approved to proceed beyond low-rate initial production. This report is submitted to the Secretary of Defense, Under Secretary of Defense (Acquisition), and to the Committees on Armed Services and Appropriations of the Senate and House of Representatives. The final decision concerning full-scale production is made by the USD(A).

Question 4. Describe your management style and philosophy.

Answer. I believe it is important to select a good staff of strong and experienced people who are not "yes" men or women. They must not be reluctant to express their opinions and recommendations to me and to debate their views with me until I make a decision. Once the decision is made, I expect them to support it.

I like to delegate responsibilities to the action officer or program manager level and to carefully review their evaluations or recommendations. I take the responsibility for the ultimate decision.

I believe in planning ahead the workload of the organization and distributing responsibilities equitably among the staff.

I believe it is important to set up a work environment in which the unique creative abilities of each member of the staff can flourish, grow, and be rewarded.

I believe high morale is an important ingredient to high performance. It is important for the organization to have a goal and for each individual in the organization to have a goal. It is important for each member of the organization to feel his boss is concerned about the individual's career growth and that his or her boss wants to help him grow.

Question 5. What personality characteristics do you feel the Director of OT&E should have?

Answer. In my judgment, far and away the most important charactistic is integrity. Second are technical ability and judgment. Third is the ability to work with people and organizations that have conflicting interests, viewpoints, or agendas. Fourth is the willingness to listen. Fifth is the confidence to make sound decisions while being pulled in a variety of directions by conflicting advocates.

Question 6. Would you cite examples, where, during your tenure as Director of Defense Research and Engineering and DARPA, you stood up to a Service during a disagreement and compelled the Service to comply with your assessment of what should be done?

Answer. DARPA's mission is to conduct research and development to advance technologies in areas important to national defense. The DARPA Director's role is more one of convincing the Service that a technology has matured to the point where it can be applied in a system of interest to that Service, rather than standing up to the Service to force it to comply with the Director's assessment of what should be done.

When the Packard Commission recommended that DARPA do more prototyping, the Air Force tried to convince me that a boost-glide vehicle should be prototyped by DARPA. After examining the system in some detail, I disagreed and did not proceed with the program.

In my role as DDR&E, I make recommendations to the USD(A) concerning research, exploratory development, advanced development projects, and weapons systems development. My recommendations concerning weapons systems are made as part of the DAB process. My recommendations have not always agreed with the Service recommendations nor have they always agreed with the ultimate DAB decisions.

As DDR&E, I have initiated a complete restructuring of the Balanced Technology Initiative (BTI) Program. This has involved freezing obligation of BTI funds on approximately 50 projects of the Services and DARPA and redirecting the programs toward a small number of focussed advanced development projects rather than many exploratory development projects. None of the Services initially supported this restructuring. All have since accepted my decision and appear to be cooperating in the restructuring process.

Question 7. When should the Director of OT&E cooperate with the Services? When should they be challenged? How would you try and resolve differences?

Answer. I think DOT&E should cooperate in planning tests and in planning resource requirements. The Service should be challenged if the DOT&E evaluation of the test results differs from the Service evaluation. I would try to resolve the difference by working directly with the Service Secretaries, Service Chiefs, and Service Acquisition Executives. If the differences cannot be resolved, I would proceed to carry out my responsibilities as described in Title 10.

Question 8. In creating this office, the Congress sought to establish an independent testing organization. Do you believe that you will have the independence to postpone, delay or cancel a weapon system that performs poorly during OT&E. How do you plan to ensure that you maintain sufficient independence to do the job?

Answer. I provide advice and recommendations to the USD(A) through the DAB process on the effects of operational testing results on weapons systems programs (i.e, whether the programs should be postponed, delayed, or cancelled). The final decisions are made by the USD(A). I maintain independence by providing a separate OT&E report to the Secretary of Defense and to the relevant four committees of Congress as required by Title 10, Section 138.

Question 9. How do you feel about the Director of OT&E serving as the chairman of the T&E Committee? If you disagree, what role should he play with regard to the developmental test and evaluation community.

Answer. I do not feel that the Director, OT&E should be chairman of the T&E Committee. I believe the chairman should be the DDDR&E(T&E). It is my opinion that all Chairmen of the DAB committees should be members of the USD(A)'s organization.

Question 10. What do you think is the appropriate relationship between the Office of Operational Test and Evaluation and Congress?

Answer. I think Title 10, Section 138 spells out clearly and in considerable detail the relationship between the Office of Operational Test & Evaluation and the Congress.

Question 11. Describe your perception of your chain of command. Who would you go to first with a problem or disagreement? Under what circumstances would you think it appropriate to take issues to the Congress?

Answer. I report directly to the Secretary of Defense.

In handling a problem or disagreement, I would first talk with the person or organization with which there is a disagreement. If it remained unresolved and it is an acquisition issue, I would take it next to the USD(A). If it is resource issue such as test facilities, threat assets, priorities, special instrumentation, I would take it to the Deputy Secretary of Defense and, if necessary, the Secretary.

I think it would be appropriate to take issues to Congress if the issues are relevant to the reports made to Congress as specified in Title 10, Section 138. These reports are:

(1) Analysis of results of OT&E on each major defense acquisition programs whether the test and evaluation was adequate and whether the components actually tested are effective and suitable for combat.

(2) Annual report summarizing OT&E activities of the DOD during the preceding fiscal year.

Question 12. How should information and how much information should be conveyed to Congress on a regular basis? By request?

Answer. The written reports required by Title 10, Section 138 listed briefly in the previous question are the reports that should be submitted to Congress on a regular basis. In addition, the Director complies regularly with requests from any member or any committee of either House of Congress for information relating to OT&E in the DOD.

Question 13. Under what circumstances and when should Congress be informed of problems in weapon systems as revealed through the operational test process?

Answer. Congress should be kept fully and currently informed of problems in weapons systems as revealed through the OT&E process.

Question 14. In your opinion, what are the chief reasons for the lack of test realism?

Answer. Realistic tests can be very expensive. This is probably the major restriction on realism. To be properly tested, the system must operate in a war-time environment. This means it must work with other friendly systems and forces as well as in the face of multiple threat systems involving jamming, decoys, etc. The people operating the system and the system itself should be tested under the types of stress to be encountered in combat.

Given resource limitations it is, of course, not practical to create a "miniature war" for each test. Good judgment is required to know how far to compromise without invalidating the test.

Question 15. What suggestions do you have for increasing the rigorousness and realism of operational tests?

Answer. I would support putting as much "stress" as possible in each test.

As pointed out in the previous answer, judgment must be applied concerning how far one should compromise from the ideal model of a simulated war with real threat assets and multiple friendly assets working together (interoperability). One must choose the most cost effective test possible, trading off realism against cost.

Chairman NUNN. The General Accounting Office has criticized operational test results for having specifically trained service personnel who were briefed in advance on the nature of the test performed.

Section 138 of Title 10, United States Code, defines operational test to mean "field test under realistic combat conditions." Do you believe that the use of special personnel briefed in advance is appropriate, and if so, how do you reconcile that with the realistic combat conditions required by the law?

Dr. DUNCAN. I believe that the types of crews that should be used in operational testing are the crews that would be expected to man these systems once they are fielded.

This particular statement that you referred to is often referred to as "golden crews." That is, specially-trained crews, where the crews themselves can, through their particular skill, or through their particular level of experience, make up for possible inadequacies in the system.

I believe it is very important that we have the average, well-trained soldier, sailor and airman involved in the operational test, rather than specially-trained people.

Chairman NUNN. You do not think that taints the objectivity?

Dr. DUNCAN. I think having specially-trained people, having "golden crews", could perhaps make the results of the test come out to be more favorable than they would if they were conducted by average trained crews, crews picked at random.

They have to be trained enough to know how to operate the system if it is flying an airplane or running a tank, but they should not be——

Chairman NUNN. In other words, you are going to try to make the test realistic?

Dr. DUNCAN. Try to make the test as realistic as possible, and another thing that has to be done in the test is, when wars are fought they are not fought with one weapon in isolation working against one other weapon. There is a multiplicity of systems, both friendly and foe, that are working together. This is called stressing, and we need to have stressing in our testing.

Chairman NUNN. So you plan to do that?

Dr. DUNCAN. Yes, sir.

Chairman NUNN. Mr. Andrews, just one question, then I will defer to Senator Warner.

The paper this morning had an article about the problems with electronic warfare systems. Specifically, the article discussed the problem with the airborne self protection jammer.

The article pointed out that we are building new systems for military threat radars that are 20 years old. It implied that we are years behind the problem and not catching up.

You will have overall responsibility for electronic warfare programs in the Department of Defense, is that right?

Mr. **Andrews**. Yes, sir.

Chairman **Nunn**. You are already familiar with a lot of this, I am sure, in your previous experience. How would you characterize our electronic warfare capabilities, and how would you respond to the charge that we are designing new weapon systems to meet outdated threats?

Mr. **Andrews**. I've been associated during the past, particularly the last 12 years, with the development of electronic warfare systems from a requirements and from an intelligence point of view.

I think that as we look across the programs in the Pentagon, many are having development problems, and many are having difficulty responding to the threats.

In looking at the causes, there doesn't seem to be any unanimous view as to what we could do to improve those. I think that intelligence needs to do a better job of getting a timely and accurate threat assessment to the developers, and the program managers in the Pentagon have to be alert to that, but they've also got to look at other options for designing systems that are more flexible and responsive to the changing Soviet and other threats that we may face.

Regarding the ASPJ, I have not been associated with that program. On the other hand, I have been asking questions about it. I am told that the entire Defense Acquisition Board that met on the ASPJ supported moving ahead with the limited rate production.

I also note that this is one of the unusual cases where we have a joint program where both the Navy and the Air Force supported moving ahead with the production, the limited rate production.

Clearly, there are some problems in the development. It has taken a long time. There have been cost increases. At the same time, I am told it is the most effective system that we currently have for our deployed forces and that the Office of Secretary of Defense is standing behind the program. I have to learn a lot more about it before I would be able to make an independent judgment as to how successful it will be.

Chairman **Nunn**. We would ask you to keep us informed because these systems are very, very important in the development of a lot of platforms we have coming out, and if they are as badly out of sync as the newspaper indicated this morning, then we have some very serious problems.

Just from what you know, do you think the seriousness as described in the paper this morning is accurate?

Mr. **Andrews**. It is my impression that the article in the paper this morning is not very accurate.

Again, it is necessary for me to accept the judgment of those working in the programs today as to the accuracy of that article.

Chairman **Nunn**. You do not think it is as bad as they portray?

Mr. **Andrews**. I am told it is not. I have no basis to make an independent judgment.

Chairman **Nunn**. Thank you.

Senator **Warner**. Thank you, Mr. Chairman.

I think the citizens of our country should be very grateful that men and women with your background and experience are willing to step forward and take on these heavy responsibilities. I express my appreciation particularly to you, Dr. Duncan. As I look back over your record, you are a few years senior to me. It is an extraordinary career in the Navy and in many assignments.

I want to point out your roots are in Jonesville, VA. Coincidentally, Mr. Chairman, in connection with the small campaign that is being waged, I visited there not long ago. Jonesville is in the western part of the State, and my recollection is it is about 350 miles from the capital of Virginia.

Is that about right?

Dr. DUNCAN. Approximately that, yes. Very close to Cumberland Gap.

Senator WARNER. Jonesville, VA is closer to four other State capitals than the capital of Virginia, so that gives you an idea of the remote region in which this genius was born. [Laughter.]

Chairman NUNN. Do you want us to judge your effectiveness by the outcome of that vote down there? [Laughter.]

Senator WARNER. Just one question. I thought the chairman very thoroughly covered a lot of points which I had in mind, but, Dr. Duncan, what are your views on the perennial question of concurrency?

There is no standard that we can apply. It just has to be a general approach, but with the B-1 experience, we feel there was too much concurrency there. We hope there is less in the cases of the B-2. I could enumerate other programs like the new submarine coming along. That concerns me.

Give us any thoughts on it. I think it would be helpful.

Dr. DUNCAN. Well, I'm thoroughly against concurrency. On the other hand, it's very difficult to have a program that doesn't have fits and starts without some degree of concurrency in it because you have the problem of having production lines not being shut down and people sitting around idle while you're waiting to perform a series of tests before you go into the next phase.

So it's very difficult to get concurrency completely out of the program, but I believe we can do a better job of that than we are doing. I believe we have far too much concurrency in our programs than we should have, and it's my intent to work very carefully and very closely with Mr. Betti, the Under Secretary of Defense for Acquisition, to try to remove concurrency from our acquisition strategy as we undertake each individual program. It has to be looked at on an individual program basis. I believe if we have our goals, we can do better than we are at this time.

Senator WARNER. I think that your viewpoint is correct. I am not so sure I share quite the extreme that you may have articulated on accepting concurrency. As long as you are moving in the direction to eliminate, where possible, concurrency, I think that is wise; but pragmatically, we have to experience a certain amount of it. Otherwise, the industrial base and, indeed, our country cannot help but experience a delay in bringing forth a new system.

Mr. Andrews, serving on the Senate Intelligence Committee together with the chairman, I am aware of your extraordinary services to the House in this area, and I welcome you to this post. Thank you and your family and also the family of Dr. Duncan for sharing in the many sacrifices that each of you will have to experience in taking on these jobs.

Thank you.

Chairman NUNN. Senator Exon.

Senator EXON. Thank you.

Gentlemen, let me echo my words of praise as just issued by my colleague from Virginia. We are delighted that people of your background, character and knowledge are being nominated for these positions. I am certain there will be no problem whatsoever with confirmation.

I want to go into a little bit more, though, the matter that Chairman Nunn brought up when he asked you about the story in the paper this morning. I am not on the Intelligence Committee, but I am chairman of the Strategic and Nuclear Deterrence Subcommittee and thought that I had a pretty good understanding of the difficulties we were experiencing with equipment as it relates specifically to the B-1.

It was my impression, from the knowledge that I have, that the newspaper story this morning was overreaching at best and maybe inaccurate in some areas.

Gentlemen, I want you to be a little more forthcoming in your answer if you can. With your background in DARPA and other agencies of the Government, you two must have a better understanding of the concerns that were expressed in that newspaper article than you expressed in the answer to the question from the chairman.

These are pretty impressive backgrounds that both of you have. Be a little more specific if you can.

I ask specifically, what do you think of the proposals that the Air Force is now advancing with regard to improvements of the ECM and the B-1?

What do you think are the chances of the B-2 getting through the hoops that this committee and the subcommittee chairman have insisted that we jump through before we go through with all of our production?

In your opinion, as much as you can state in this open session, what is our knowledge of the potential capability of Soviet radars and what effect do you think they would have on either the B-1 as we envision it to be with new improved ECM and the B-2? Please be as forthcoming as you can in this open session.

Let us start with you, Mr. Andrews.

Mr. ANDREWS. Senator Exon, the specific electronic countermeasures programs associated with the B-1 and the B-2 are somewhat foreign to me. I am familiar with what the press has been carrying regarding those programs. This is not an area that I have personally worked in.

I do have an impression that we are doing the best we can to define the threat that they will have to operate against and to design specifically to operate against that threat.

I would have to have an opportunity to examine those programs and to review the work done on the threat. My experience in threat assessments has led me to believe that in many cases we can always go back and do a better job of assessing the threat that is being presented to us, particularly in a system-on-system concept. I believe that needs to be done.

I just do not know enough about those programs to make a judgment as to how effective they will be against the threat as it exists today.

Senator **Exon**. Thank you. Dr. Duncan.

Dr. **Duncan**. With respect to the B-1 defensive electronics and the threat, we've had an enormous amount of problems there. I think these problems are being addressed and progress is being made. It's slow progress, but it's monotonic in the sense that it seems to be continually going in the proper direction.

With respect to the B-2 and its flight tests and its stealthiness, it's in the first phase of its flight test program now, which is largely airworthiness types of tests. Those flights are going to be a total of 14 or 15 in number, if the program is carried out as planned, on the order of 75 hours of flying. It will go into as the very next phase of its testing immediately following phase one, assuming no major changes have to be made to the aircraft based upon the phase one test program—its signature characteristics will be a significant part of the testing that takes part in phase two.

Phase two is both a development and an operational test phase, and it won't be until we get into that phase of the program that we can confirm in field conditions that, indeed, it meets the signature projections.

Senator **Exon**. I would like each of you to give us as a committee or the Strategic Subcommittee, whichever is convenient for you, in the next few weeks after you get confirmed and get into these jobs, some thoughts on the B-1 and B-2 problems.

I do not understand at all, Dr. Duncan, why we cannot move faster than we have on the stealthiness of the B-2. We now have an airplane. We know it flies. I agree with you that most of the testing so far has been with the performance of the aircraft as an aircraft, not so much as a stealthy aircraft.

It seems to me, though, now that we have some of those that are flying we should be moving as quickly as we can to put that one airplane under some of the tests with regard to its stealthiness. It could be the best aircraft in the world from a traditional aircraft standpoint, but if it is not going to be stealthy than it should not be built.

I am very fearful that we may be in a semi-stall position here, moving ahead slowly on this and very carefully to see whether the airplane is going to fly. Basically, it does fly. I want to know how stealthy it is. I would think that we would be putting that higher on the scale than we are a whole series of tests to see whether the airplane is going to basically fly.

I must tell you that there is concern on this committee. Those of us who have been strongly in support of these programs are going to be in support of them only if we are convinced that the aircraft, both the B-1 and the B-2, can perform as they advertised.

That story this morning brought to my attention some concerns that I have had but never enunciated in that fashion. There must be some basis for that story, and I think that as soon as possible both of you should get back to us as to your evaluation of where those programs are now and what we should do to move them along faster if necessary before we spend an awful lot more money.

Therein lies a very serious matter that I would hope would be given more attention by the executive branch and certainly by the Department of Defense.

Can you both assure us that you would be in a position to report reasonably promptly as to the status of those two programs and, if you could, measure them against the newspaper story that was in the paper this morning and I suspect is going to be quoted over and over again around the United States?

Mr. ANDREWS. Yes, sir.

Dr. DUNCAN. Yes, sir.

Senator EXON. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon.

Senator Wirth.

Senator WIRTH. Thank you, Mr. Chairman. Let me also, if I might, Dr. Duncan, return to the B-2 for a minute. There is probably, as you are well aware, no single weapon system that is as symbolic of science and technology and the Pentagon and probably no single one that is going to be more controversial as we go along with agreements with the Soviet Union, we hope, declining defense budgets, runups to the American taxpayer.

I personally find very, very few people who look at $550 million or whatever the number is and think that is a rational expenditure. This is going to be an issue that comes up over and over again.

Can you tell us what the mission of the B-2 is?

Dr. DUNCAN. The mission of the B-2 is to penetrate threat air defenses using technology that those air defenses cannot counter and to operate not as a standoff weapon but as a penetrating weapon to operate in such a way that it can counter targets that would otherwise be moving or would be more difficult to attack using missile systems launched either from the United States or from submarines.

Senator WIRTH. Does the Air Force agree with that definition of the mission of the B-2 in terms of a penetrating bomber going after moving targets?

Dr. DUNCAN. I think so, yes, sir.

Senator WIRTH. As you undertake this role, do you evaluate a weapon system starting from a definition of its mission, or do you say, well, given what we have been given, does it fly, does it have the stealthy characteristics it is supposed to have, does it go as fast as it is supposed to, is it going to fall within the cost differential?

Dr. DUNCAN. The main thing that identifies operational testing evaluations, Senator that is significant, as far as I am concerned, is you test against the threat which exists at the time your system goes operational and you're testing it.

Now, all the testing that goes on before in development testing, the building of the system and the testing of it is against a specification which represents on paper, in as thorough a way as possible, the characteristics needed to overcome the threat that's projected for whatever year the system will be operational.

It doesn't always happen that the projected threat and the real threat turn out to be the same, and the operational test is to be tested against the real threat.

Senator **Wirth**. The real threat is in part related directly to the mission?

Dr. **Duncan**. Yes, to the threat to that system and the mission that that system is designed for.

Senator **Wirth**. May I ask you to send me what you think is the definition of the mission again? I think it has changed a number of times, and I think, in fact, the Air Force has moved away from the mission that you just defined for the B-2. The most recent time that we had testimony from the Chief of Staff of the Air Force, he told us that the primary reason we had for building the B-2 was because of commitments that had been made related to arms control and that if we did not build the B-2, the Chief of Staff of the Air Force effectively told us that we would have to make do in arms control negotiations without the support of the Air Force.

It was a pretty heavy rendition. Build the B-2 or we will not help you with arms control. Now that is a very different mission than the one that had initially been defined for the B-2.

When challenged on that, he went on to tell us that the B-2 was going to be a very important weapons system and told us the story about the FB-111s having to fly around Spain and through the Mediterranean to try to take out the tents in the desert, if you remember that, and that the B-1 would be used for that purpose. We had in a short period of time three different definitions.

Now I bring this up because the role and responsibility that you have in terms of testing and evaluation clearly has to go against the mission. This is going to be the most important weapons system, and is not watched very much today because the American public does not understand it very well, but it is going to understand it a lot more as it starts to understand the cost and the changing mission.

So can you send me what you think is the definition today? I think that is important, and we can at least start from that base and understand what it is that you will be measuring that against.

Dr. **Duncan**. Yes, sir, I will do that.

[The information referred to follows:]

Senator **Wirth**. What is the mission of the B-2 and what impact does the B-2 have on the current START negotiations?

Dr. **Duncan**. The mission of the B-2 stealth bomber is to maintain the continued viability of our national strategy of deterrence, holding at risk the wide variety of targets considered most valuable by the Soviet Union. Its primary mission will be to support the Single Integrated Operational Plan as part of the strategic nuclear Triad. Consequently, its mission cannot be viewed in isolation. It is an integral part of the robust and balanced Triad of strategic forces that the United States has used to underwrite our national strategy of deterrence for over thirty years. The Triad is a capable and cost effective mix of forces that provides deterrence across a wide range of potential conflict scenarios. Triad forces deter against a surprise nuclear attack, provide stability and deterrence in a developing crisis, and deter conventional conflicts or the possibility of their escalation to nuclear war.

As the mainstay of the bomber force, the B-2 will provide enduring penetration capability well into the 21st century. Its capabilities complement both the B-52 and the B-1, pitting our technological strength against a defensive system in which the Soviets have invested heavily. It will have all the positive attributes of the manned bomber, such as flexible employment, positive control launch, an ability to be recalled, retargeted or reconstituted, and will provide the inherent stability of a weapon system that is retaliatory in nature. It will also have all the positive attributes of the penetrating bomber, such as hard target kill capability and targeting efficiency. In addition, it will add a new dimension of survivability and penetrability that will allow it to shoulder the burden of the penetration role while the B-1 transitions to attacking lesser defended targets.

The B-2 will also be an extremely capable addition to our conventional forces. Its high aerodynamic efficiency combined with heavy payload capability will enable it to quickly project conventional fire power anywhere in the world to control rapidly escalating crisis. With a single refueling, it can cover virtually every target on the globe staging from only three forward operating locations. Further, its high survivability will mean it will be capable of operating without much of the airborne support forces normally associated with other aircraft.

The relationship of the B-2 and START negotiations cannot be overlooked in the B-2 debate. The Soviets and the United States tentatively agreed at Reykjavik, Iceland in 1985 that a non-cruise-missile-carrying penetrating bomber would count as one warhead regardless of how many weapons it carried internally. This adds a significant number of unaccountable warheads that are needed to adequately cover the Soviet target base. General Welch, Chief of Staff of the United States Air Force, captured the importance of this underlying agreement in his testimony before the Senate Armed Services Committee on July 21, 1989:

"As we evaluated the sufficiency of the START positions that we have advanced in these negotiations, we have counted very heavily on the strategic modernization in all three legs of the Triad. We have particularly counted heavily on the contribution of the manned penetrating bomber.

"I simply cannot believe that we could proceed with negotiations on that basis were we to have a drastically different expectation about the contribution of the manned penetrating bomber. So I guess my answer would be that I find it largely inconceivable that we could continue with current negotiating positions without the B-2.

"In my view, we would simply have to go back to the drawing board and virtually start over in crafting some new negotiating position . . . I think that is not just my personal opinion. That has been clearly stated by the Joint Chiefs on several occasions."

Senator Exon subsequently validated General Welch's remarks by stating, "I would advise all that at a breakfast meeting this morning, it is just not General Chain's and General Welch's statements, it was the statement of the Secretary of Defense, and I asked him if I could make that statement today, and he said I could."

Senator WIRTH. Let me ask you if I might a couple of other quick questions.

One of the questions going on in our defense structure is clearly going to be what would appear to be a declining number of U.S. active duty troops and an increasing dependence on reserve forces.

I would guess that if you looked down the line at where the trend lines are going in terms of budget, in terms of arms control negotiations that we are going to see ourselves with a greater dependence on reserve forces and less of a dependence on a large active-duty military. Would you agree with that?

Dr. DUNCAN. Well, I am really not qualified to comment on that in view of the fact that I have not—I know that a lot of activity is going on in the building with respect to how to deal——

Senator WIRTH. If that is the case, that brings up from your perspective, and I will close with this, a very important issue. If we have more and more reserve troops, presumably their training with weapons is going to be more sporadic rather than more consistent. That would argue, for looking at weapon systems from the view of not being used by high school graduates or college attendees in the military, but weekend warriors or whatever we would be calling them and, consequently, that would seem to me to draw in the need for developing weapons for the military that are simpler rather than more complicated. I would think that that would be a logical thing to do.

Do you then have an obligation on that front to be feeding that kind of information back through the system or is your job once a weapon is designed to simply see that it works?

Dr. **Duncan**. My job as the Director of Operational Test and Evaluation is to see that the system works and how it behaves against the threat that exists. My job as a member of the senior staff of the Secretary of Defense is to give my views on these broader issues as testing reflects on it.

It so happens that the points you are making I think are outstanding points. I just have not been involved in any discussions yet.

Senator **Wirth**. It is a very interesting question as to how that defines your job, more narrowly or more broadly. I would hope that it would be more broadly because I think we have to have that coming back up the pipeline and not just be the recipient of what somebody else defines.

You should say well, wait a minute, this is not what we are going to be looking at or may not be looking at in 1995 or the year 2000.

Dr. **Duncan**. Yes.

Senator **Wirth**. Dr. Duncan, good luck to you, and I look forward also to hearing from you and finding out what the mission of the B-2 is. Thank you very much.

Chairman **Nunn**. I have just one other question for Mr. Andrews and, thank you, Senator Wirth.

I do not think anything is more frustrating to those of us here and indeed to the general population than to hear over and over again that our military forces like the Army and Navy cannot communicate properly with each other.

The Grenada situation was the most vivid example of that, but my understanding is that in spite of an awful lot of talk about correcting the problem, we still have very considerable problems in that kind of communication.

How do you view that, Mr. Andrews, and will you give this interoperability between our own military services greater attention in your new position?

Mr. **Andrews**. Senator Nunn, I was part of the team here on the Hill, in the House, as a member of the staff who looked at the Grenada operation. It was from that perspective of the intelligence aspects. And we saw a lot of problems.

Interoperability has long been a problem from the times in Vietnam when I saw that nothing was working very well. We could not even talk on the other side of the runway, let alone over to Laos where our forces were operating at that point.

I believe that interoperability has come a long way since Grenada. I think we have a ways to go. It is one of my highest priority efforts.

I think that we need to sustain a lot of the work that has been initiated. We need to maintain the pressure on the development community, the acquisition community to ensure that the standards we develop and set are enforced. I think that can be done, and I will initiate efforts to try to ensure that we do not fall back and that we continue to move forward until we achieve the interoperability we need for our forces.

Chairman NUNN. I am glad that that is a priority to you because I think it deserves a great deal of attention.

Another area that I think you certainly have a lot of background in and I hope you will give attention to is the whole question of special operations and low intensity conflict.

Do you believe we have effective mechanisms now for coordinating and disseminating intelligence during contingency operations?

And I would say the coup attempt in Panama would be the most recent example.

Mr. ANDREWS. I think we again have made progress, but we have not achieved the results that we need.

We find, as we look at Panama and as we look at trying to support the drug efforts of the Department of Defense, some of our systems that have been developed over the years are not well suited for low intensity conflict areas.

I think that we need to make an effort to continue the efforts now underway to enhance our low intensity conflict capabilities. We can improve not only the communications, but also the intelligence gathering.

We have a directorate within the C^3I that focuses on support from an intelligence perspective for low-intensity conflict, and we have a tactical communications directorate in the C^3 portion that is looking at what they can do to improve support in the communications area for low intensity conflict.

I do not think we are there yet, and there are some things we could do that are fairly obvious and inexpensive which could enhance that. I intend to try to initiate some programs at least to look at those programs that might be helpful.

Chairman NUNN. Well, thank you, and I thank both of you for being here. Senator Wirth.

Senator WIRTH. Thank you, Mr. Chairman. I have three or four questions, Dr. Duncan, that have been given to me from the Business Executives for National Security, the BENS group, who have been very concerned over a long period of time about weapons testing, fly before you buy and so on. They had asked if we might submit to you some questions which I will send to you, and we will sort them out to make sure that they are really right on target.

But it is a very interesting private sector group that has really taken on this cause, and I think we want to encourage them and encourage their involvement.

[The information follows:]

QUESTIONS FROM SENATOR WIRTH BY THE BUSINESS EXECUTIVES FOR NATIONAL SECURITY

Question 1. Do you intend to examine the BLRIP reports issued over the past six months by DOT&E for the continued presence of the ten problem areas?

Answer. Yes.

Question 2. Do you intend to consult with the divisions within the GAO, specifically PEMD and NSIAD, when you conduct your review of DOT&E operations, especially as they relate to the ten problem areas? If so, when?

Answer. Yes. I will do that shortly after the first of the year. As a first step, I will meet with the heads of those two divisions.

Question 3. Are you prepared, in six months time, to present your findings on DOT&E operations and your proposals to improve those operations to the Senate Armed Services Committee?

Answer. I am working hard to understand the organization and operations of DOT&E. Since my confirmation, I have already begun some organizational and personnel changes. When my overall review is completed and additional proposals for change formulated, I will be happy to share this information with the Senate Armed Services Committee. I hope to be prepared to present my findings in six months. These issues, however, are complex, and I may require some additional time.

Question 4. Do you intend to continue the DOT&E practice of allowing service personnel to participate in DOT&E evaluation of systems intended for use by their own particular service?

Answer. I will try to move away from this practice, but my flexibility is limited by personnel currently assigned, qualifications and experience needed, and knowledge of service tactics and doctrine required to evaluate tests of particular weapons systems. The important thing is to maintain objectivity. I will strive to do that by careful choice of staff, as I have opportunity to make change, and by reliance on a set of strong civilian deputies.

Senator WIRTH. Thank you, Mr. Chairman.

Chairman NUNN. Let me repeat what I mentioned before the hearing. We have not been able to give as much notice as we would have liked for this hearing to all our members, and so some of them have conflicts, and they are going to inevitably have questions for both of you.

So, it would be my plan to try to get a vote on your nominations early next week, and between now and then I hope you do not have any plans that would preclude you from answering questions because there may be some coming from the members both in writing as well as orally.

Senator EXON. Mr. Chairman.

Chairman NUNN. Senator Exon.

Senator EXON. I have one question I would like to ask of Mr. Andrews and any other questions I have will be submitted in writing to you.

Mr. Andrews, how would you rate our present strategic command and control capability under the stress of a Soviet Union first strike in both alerted and surprise attack postures?

Have we made progress in these areas and what does remain to be done? And what are your strategic C^3 priorities?

Mr. ANDREWS. As I started examining the Office of the Assistant Secretary for C^3I, one of the things I learned very quickly that I was not aware when Secretary Cheney asked me about the job was that the ASD (C^3I) is also the Director of the Nuclear Command and Control System Support staff.

I have started looking into command and control, and I would need to have a lot more information and a lot more knowledge before I could make a conclusion on this or even provide an answer to your question.

My impression is, again, we have made a lot of progress. The strategic modernization started several years ago in the C^3 area has delivered systems that are very effective.

We are working on strategic communications with the MILSTAR that will be a critical link to our strategic forces as well as provide a great deal of support for our tactical forces.

I think a lot has been done on specific command and control programs. I think that some of those programs are yet to be completed, but they are well underway.

I also think my goal is to deliver them, to continue to monitor the nuclear command and control system to see what improvements we can make to have our forces be more effective, and to increase the deterrent value of our whole strategic system by having a solid reliable, survivable command and control network.

Senator EXON. I thank you, Mr. Andrews. I think we need some more work on that, and like I asked you in the last question that I posed to you, I wish that you could give this some attention also and give us your evaluation in the near future after you have had a little time to look those things over.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon. We appreciate both of you being here and appreciate your families coming too. Good luck to you. We look forward to working with you.

[Whereupon, at 2:58 p.m., the committee adjourned, subject to the call of the chair.]

[Prepared questions submitted to Robert C. Duncan by Senator Nunn prior to the hearing with answers supplied follow:]

DIRECTOR OF DEFENSE RESEARCH AND ENGINEERING,
Washington, DC, October 18, 1989.

Hon. SAM NUNN,
U.S. Senate, Chairman, Committee on Armed Services, Washington, DC.

DEAR MR. CHAIRMAN: As requested, I am providing answers to the questions you posed in your recent letter. I believe I have already submitted the required background and financial materials. I will be happy to provide any other information you require.

Sincerely,

ROBERT C. DUNCAN.

Enclosure.

Question (1). Given your extensive experience as a senior manager in the Office of the Secretary of Defense and, previously, DARPA, what do you consider to be the most serious problems in the management and operation of the Operational Test and Evaluation Directorate? How do you intend to address these problems and what time table will you establish to resolve them?

Answer. In preparation for the hearing on my nomination, I met with the Commanding Officers of the Service Operational Testing Agencies, many people in the test community, some members of the Senate and staff, and read GAO and IGR reports. I heard a number of criticisms of how DOT&E has operated in the past. I intend to examine each of those criticisms carefully, and to do my very best to correct real deficiencies on the fastest possible timetable. I would hope to show increased progress every quarter.

Criticism has sometimes been made that:

(1) Evaluations of test results are too optimistic.
(2) Reports to Congress are incomplete and inaccurate.
(3) Problems and limitations of operational tests are not reported.
(4) Operational testers are of higher skill level than normal users would be (i.e., use of "golden crews").
(5) Testing is not realistic and objective.
(6) There is too little "stress" imposed on equipment and personnel in tests.
(7) On-site observations by OT&E staff are infrequent.
(8) DOT&E reports are based primarily on the Service test reports (i.e., not "independent" of Service).
(9) Inadequate test resources are provided.
(10) Difference between operational testing and development testing is blurred.

If confirmed, I would intend to evaluate the merits of these criticisms and take necessary corrective action.

Question (2). Should you be confirmed as Director, Operational Test and Evaluation, what do you view as your primary responsibilities to the Secretary of Defense? Given the position's responsibility to report to the Congress on major program test results and issues, do you see any conflicts in your duties to the Secretary of Defense in carrying out the mission of your office and, if so, how will you resolve them?

Answer. My primary responsibilities, if I am confirmed, are those set forth in Section 138 of Title 10 of the U.S. Code, which established the position of Director, OT&E and assigned it statutory duties. If confirmed, I will assure that robust operational tests are planned, executed, and reported effectively and objectively.

The Secretary of Defense and the Congress have a mutual interest in ensuring that weapons are tested and objectively determined to be effective and suitable for combat. I do not anticipate conflicts in executing the duties assigned to the Director, OT&E by law.

Question (3). Each Service has historically maintained an in-house organization to independently perform operational test and evaluation. What is your view of the relationship between your office and the Service OT&E operations? In particular, does the DOT&E participate directly in major system test and evaluation or, alternatively, does it restrict itself to insuring that the Services execute their OT&E responsibilities properly?

Answer. DOT&E provides guidance and monitors operational tests conducted by the Service operational test activities. DOT&E does not participate in the Military Departments' testing but does observe it. The Secretaries of the Military Departments must report promptly to the Director, OT&E the results of Service operational test and evaluations.

For all major programs assigned to the Services, DOT&E provides oversight and approves the Test and Evaluation Master Plan. At the completion of the tests, DOT&E provides an independent report on the operational effectiveness and suitability.

To carry out his responsibilities, the DOT&E and his staff are actively involved in the planning, execution and reporting activities of the Services responsible for conducting Service operational testing. It may be necessary to make some tough choices concerning the level of coverage provided each program. Among even the DOD major programs, some are more critical than others, and an attempt must be made to focus the resources available on the most important. Secondly, a choice has to be made concerning which T&E events, even among the most critical programs, require DOT&E presence. And finally, given that a particular event is to be covered, the level of involvement could reasonably vary from a team of observers on-site for the duration of the test to one observer on-site during one or more critical periods. The factors that affect these decisions are many and varied, but primary among them are the complexity of the test, access to Service OT activities, confidence in the T&E planning and the level of confidence that has developed concerning the Service Operational Test Agency, the Test Director and the test control team. The Director, OT&E is the DoD official best equipped to make these professional judgments.

Question (4). How do you view the organizational relationship between the DOT&E office and the DDT&E office within the Office of the Secretary of Defense? More generally, how much overlap, if any, is appropriate between the DT&E process and the OT&E process.

Answer. I believe the DOT&E and DDR&E(T&E) should be separate organizational entities with no formal organizational relationship. DOT&E is independent of the USD(A) organization. By law, the DOT&E may not be assigned any responsibility for developmental test and evaluation, other than the provision of advice to officials responsible for such testing.

I am definitely not in favor of any "merging" of Development Testing and Operational Testing. We must not "blur" the distinction and cause any loss of independence or objectivity for the latter.

It is important for the operational testing community to become more involved in understanding a range of developmental activities early in the life cycle, e.g., develop a better understanding of the Cost and Operational Effectiveness Analysis and emerging Development Testing results. This early familiarity can be accomplished in such a manner that (1) it will not slow down the acquisition process; (2) it will provide a good foundation for a subsequent operational testing planning; (3) it may help identify potential operational problems early in the life cycle, thus facilitating cost-effective solutions; and (4) it can be done in such a way as to not jeopardize the independence and objectivity of the subsequent OT&E.

There must be working level coordination between DOT&E and DDDR&E(T&E) on specific issues such as test ranges and instrumentation, while ensuring the institutional independence of DOT&E.

Data collected from tests can illuminate both contract compliance and operational utility. To the extent that a test can do both, test results should be shared to gain efficiency.

Question (5). Does the DOT&E have a role in procuring and/or developing test devices, equipments and ranges beyond that of the Services? If so, how would DOT&E perform such a function?

Answer. I believe that, beyond providing advice and guidance, DOT&E should get out of the test resources operations and maintenance business. Additionally, DOT&E should not unilaterally decide what testing assets the Services need and then procure them. There is a need, however, for improving DOD's OT&E capability and here DOT&E has an important role. The DOT&E should carefully review Service operational test resource improvement plans and distribute to the Services the funds from the OT&E Capability Improvement Program (CIP) based on this evaluation of need. I believe DOT&E should lead in OT&E resource requirements planning and should get out of the resource execution business. By reviewing the Services' OT&E resource requirements and distributing the CIP funds, the Director, OT&E can insure the requirements are adequately addressed in the PPBS process.

Section 138(g) of Title 10 of the United States Code states that "the Director shall prepare an annual report . . . including comments and recommendations on resources and facilities available for operational test and evaluation and levels of funding made available for operational test and evaluation activities."

Question (6). Please discuss the function of the Test and Evaluation Master Plan (TEMP) and DOT&E's role in the review and approval of these documents. In particular, should DOT&E staff members guide the Services in their preparation of these documents or, alternatively, should DOT&E restrict itself to review and approval of documents after the Service approval process has been completed?

Answer. The Test and Evaluation Master Plan (TEMP) is the planning document for the test and evaluation of major systems. DOT&E and DDR&E(T&E) currently review and provide final approval of the TEMP. DOT&E has a statutory role to provide guidance concerning the adequacy of operational testing. DOT&E and DDR&E(T&E) currently publish guidance containing the purpose and content of TEMP.

The Services prepare the TEMP in accordance with DOD 5000.3-M-1 and review is performed by DOT&E and DDR&E(T&E). The reviewing authorities communicate inadequacies to the Services so that the TEMP can be revised until it is acceptable.

Question (7). The Packard Commission called for operational testing earlier in the development process. Concurrently, the statute establishing the Office of Operational Test and Evaluation requires certification of operational suitability before a program is permitted to proceed to full rate production. What official role, if any, do you foresee for the Director, Operational Test and Evaluation, in the development phase of a program?

Answer. I believe that the primary role of the DOT&E in the early development phases of a program is to influence the acquisition strategy to minimize concurrency. This means that the development program should be organized in such a way as to provide as much testing as possible as early as feasible in the program. In the development phase, the DOT&E approves long and short range test planning and through the DAB process, formally advises the USD(A) on the adequacy of operational test planning and the resources to support those test plans. When a program can be structured to provide OT&E results or operational assessments early in the development phase, DOT&E independently evaluates that information and advises the USD(A), again through the DAB process. Those DOT&E evaluations are also provided to the Congress in our annual report.

The official role for DOT&E in the stage preceding low-rate initial production is prescribed in Section 138 (f)(2) of Title 10 of the U.S. Code:

"A final decision within the Department of Defense to proceed with a major defense acquisition program beyond low-rate initial production may not be made until the Director has submitted to the Secretary of Defense the report with respect to that program required by subsection (b)(5) and the Committees on Armed Services and on Appropriations of the Senate and House of Representatives have received that report."

Question (8). You have had a distinguished career in research and development but have not had any prior direct responsibilities designing or conducting operational tests. What experiences have you gained as a "developer" that will guide you in structuring operational tests that truly "test" the capabilities of a new weapon system?

Answer. In my career, I have had four sets of experiences directly involving operational testing. I did not design the tests, but I had the opportunity to see the value and the complexities of operational testing and to participate in the tests. In the last two cases, the tests supported me in my role as Program Manager, so I was the "user" of the test results.

(1) I joined my ship (USS Bremerton) after graduating from the Naval Academy in 1945 at the height of the kamikaze attacks on the fleet at Okinawa. My ship was equipped with a prototype radar that could look straight up in an effort to defeat the kamikaze attacks. We conducted extensive tests against vertically diving aircraft and drones. The war ended while these tests were going on.

(2) As a naval aviator, I was assigned to the Navy's first operational atomic weapons squadron in 1949. We were responsible for developing the tactics and doctrine for delivering atomic bombs from carriers. A new airplane, the AJ-1 was designed to carry the "Fat Man." Until the delivery of that aircraft, no Navy plane could carry the biggest and most efficient bomb then in existence.

When the Soviet Union exploded its first atomic weapon in September 1949, the decision was made to accelerate as fast as possible the carrier capability and deployment of the AJ. Instead of having the plane go through the normal testing for new aircraft types at Patuxent, the squadron was transferred to Patuxent to test the plane. In effect, we conducted developmental and operational testing simultaneously. There were many "bugs" in the aircraft and we lost a number of planes and crews. I saw first hand the hazards of accelerated testing and the dangers of taking "short cuts."

(3) I worked in NASA in the 1960's as Program Manager of the Apollo guidance, navigation and control system. This system was designed by the Draper Laboratory under direct contract to the government and built by a set of contractors also under direct contract to the government. The GN&C system was Government Furnished Equipment to both the Command Module and the Lunar Module. I was, in effect, the supplier of this key hardware to both spacecraft and was heavily involved in both the development testing and the operational testing. The ultimate operational test was the lunar landing itself. We did a great deal of subsystem testing, modeling, simulation, and flight testing, including a close passage of the lunar module to the moon's surface, before making the initial landing in Apollo 11. There was no way to completely create the true operational environment, however, without carrying out the actual landing itself.

(4) In the industrial world, I was Program Manager of the SX-70 camera and film systems at Polaroid Corporation. This was a revolutionary new instant photographic system in which the film was automatically processed and ejected from the camera after taking the picture. The film developed outside the camera as the user looked on and did not require any timing of the process of peeling off of a protective cover sheet. I was program manager of this system for 7 years, from its early inception in the laboratory until 2 years after market introduction.

We went through a series of progressively more comprehensive operational tests after the beginning of low rate initial production. First we selected a few dozen employees who were not expert photographers to test the system under a variety of representative conditions (warm climates, cold climates, etc.). Then we conducted many tests using volunteer non-Polaroid participants at various hotels, resorts, etc. We learned many things about the system that were changed as a result of these tests. The operational test phase took a number of months before the system was ready to be marketed. I learned a great deal about the importance of testing the system in the environment in which it would ultimately be used and by the people who would use it. I also learned how costly it was to make changes late in the program—but that the changes were absolutely necessary to make an acceptable system.

Question (9). Title 10, United States Code, Section 138 defines, in some detail, the duties and responsibilities of the Director, Operational Test and Evaluation (OT&E). Should you be confirmed as Director, OT&E, what other duties, if any, do you expect Secretary Cheney will prescribe for you?

Answer. In addition to the statutory duties prescribed for the Director, OT&E, the Director will have the duties of a Member of the Defense Acquisition Board to advise the Under Secretary of Defense for Acquisition on DOD acquisition matters.

I would expect that, if I am confirmed, the Secretary and Deputy Secretary may seek my advise on matters not strictly limited to operational test and evaluation, in order to take advantage of my prior experience as Director of the Defense Advanced Research Projects Agency and as Director of Defense Research and Engineering.

Question (10). By DOD Directive, the Director, OT&E, is designated a permanent member of the Defense Resources Board (DRB). The report of the Defense Management Review replaces the DRB with the Defense Planning and Resources Board but does not provide for membership of the director, OT&E, on that Board. Do you believe that this change in the membership of the Board reflects a decrease in the importance of the position of the Director, OT&E, and the operational test and evaluation function?

Answer. No.

The Secretary and Deputy Secretary have streamlined the DPRB as compared to its predecessor the DRB. Having sat on the DRB for over 2 years, I support very much this streamlining.

The DPRB deals with planning and resources. In the acquisition area, this is primarily involved with decisions on which programs will be funded among many programs which are competing for scarce resources. Operational Testing Issues are handled in the Defense Acquisition Board (DAB) process. DOT&E is a member of the DAB.

Testing resources issues will come up occasionally in the DPRB. The DOT&E should be invited to participate in DPRB meetings in which test resource issues are scheduled.

Question (11). The Goldwater-Nichols Act and the Packard Commission sought, inter alia, to provide a greater voice for the combatant commanders and the joint community in the identification and definition of requirements so as to ensure that the acquisition process meets user needs. In your opinion, how well does operational testing ensure that the weapon systems being tested are responsive to the needs of the users, both as documented in the approved requirements and also to meet the current perceived threat?

Answer. As a result of Goldwater-Nichols and the establishment of a Vice Chairman JCS to be a tight connecting link between the combatant commanders and the acquisition community, I believe that the acquisition community is now working with more accurate and timely user requirements and a better understanding of the current threat. This affects the testing community directly by developing more quantifiable test parameters, a more accurate representation of the threat environment, and a better identification of long lead test resources requirements.

A real dilemma exists, I believe, which must be dealt with. This is the direct result of the very long development times which exist today. Assume a weapon system is approved to meet the threat which is projected to exist in a certain year. By the time that year arrives, the weapon system has an IOC which slips out a few years, while part of the threat inventory has accelerated to be worse than originally projected. By the time the beyond-LRIP decision point arrives, the system cannot meet all aspects of the threat, yet it is far superior to any comparable system in the inventory. The issue becomes: "Shall we approve for full rate production a system which is far better than any current system, yet does not defeat all of those systems which threaten it?"

Question (12). There has been significant concern that the Office of the Director, OT&E, has relied too heavily on contractors and consultants to provide support to the Office. There also has been concern over the impartiality of some of the contractors and consultants who may have provided that support. Please describe what role, if any, you would allow contractors and consultants to play in supporting the operations of the Office, should you be confirmed.

Answer. Under no circumstances should the same contractors who develop the system be involved in evaluating the test results. Since these are operational tests, the crews should be representative government personnel. The contractor who develops the system should not even be involved in conducting the tests except under the most unusual carefully controlled circumstances.

It will be my plan to do as much as possible of the data evaluation of tests in-house, and to use an FFRDC to assist when required by the workload. It is my intent not to use the Omnibus contractors for test evaluation and reporting. If the workload gets too great and the in-house resources are inadequate to keep up with the load (even when augmented with assistance from an FFRDC) then I would use the Omnibus contractors. I would do so only in emergencies and after very careful screening for conflict-of-interest. I would proceed with maximum separation of the work from other business of the contractor. I might also use the Omnibus contractors to support on-going DOT&E tasks not involving weapons system testing.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

Senator GLENN. Dr. Duncan, as you know, I am a strong supporter of the DOD Operational Test Organization, and the role it has played in the acquisition process, both in the Pentagon and the Congress. My concern is that the test organization, under your leadership, continues to play a major role in the Pentagon's decision making process.

Can you tell the committee what the attitude of Secretary Cheney, Deputy Secretary Atwood and Under Secretary for Acquisition Betti is toward your organization? Do you think they understand and appreciate the need for, and importance of, operational testing in the acquisition process?

Dr. DUNCAN. Secretary Cheney, Deputy Secretary Atwood, and Under Secretary Betti are all very supportive of the Office of the Director of Operational Test and Evaluation. I believe that all three understand and support the important role of independent operational testing in the acquisition process.

In my meetings with Secretary Cheney and Deputy Secretary Atwood when they proposed that I accept the position of Director of Operational Test and Evaluation, both stressed that integrity in the testing and evaluation process was the single most important quality they were looking for in this position. I agree.

Senator GLENN. Dr. Duncan, in this regard, I am concerned that you have direct access to these senior decision makers as may be required. Do you have any reservations at this point that you will not have that access?

Dr. DUNCAN. I have absolutely no reservations about my access to Secretary Cheney, Deputy Secretary Atwood, and Under Secretary Betti. Secretary Cheney understands that I report, by statute, directly to him and has encouraged me to see him whenever there is an issue of importance concerning operational testing.

B-2 OT&E

Senator GLENN. Dr. Duncan, the DOD authorization bill for fiscal year 1990 contains specific initial operational test requirements for early B-2 flight testing and stipulates that the Director of Operational Test and Evaluation shall submit to the Secretary of Defense an independent evaluation of the results of that testing.

Have you been briefed on DOT&E's participation in this early B-2 flight testing which will include low-observable and flying qualities and performance testing? If so, are you satisfied that DOT&E is being given an adequate role in this critical testing that will help to determine the B-2 procurement level in fiscal year 1990?

Dr. DUNCAN. I have been made aware of DOT&E's participation in early B-2 flight testing including measurements of low observable signature data. More specifically, I understand that DOT&E will submit to the Secretary of Defense a report containing findings, conclusions, and an "Early Operational Assessment" from Block 1 testing and preliminary low-observable test results. I have not yet gone through the specific details of the TEMP (Test and Evaluation Master Plan), but plan to do so very soon, should I be confirmed. I believe that the DOT&E's role is adequate to ensure that operational testing considerations play an important role in the Secretary of Defense's decisions concerning the B-2.

Senator GLENN. Dr. Duncan, as I understand it, the level of B-2 procurement in fiscal year 1991 and subsequent years, will be dependent to a large degree on successful progress in meeting the test criteria of the System Maturity Matrix as outlined in the B-2 Test and Evaluation Master Plan.

Have you been briefed on the Systems Maturity Matrix approach to operational testing, and if so, what is your opinion of the Matrix approach as a major tool in operational testing?

Dr. DUNCAN. I have had a detailed briefing on the Systems Maturity Matrix and I am very enthusiastic about it as a helpful tool to track the maturation of important operational characteristics. It should be very helpful in giving early signals about progress and problems in the operational system. It cannot however, substitute for the final all-up operational test and evaluation under combat conditions with crews that are representative of those in operational squadrons.

Senator GLENN. Dr. Duncan, I noticed in your questionnaire that you recently met with the Commanding Officers of the Service Operational Testing Agencies.

Can you tell the committee what you learned from these visits? Are the Service Operational testers doing a good job in providing their service Chiefs an independent, objective evaluation of new systems?

Dr. DUNCAN. I met with General Jerome Hilmes, Commander of USA Operational Test and Evaluation Agency, RADM Hugh Webster, Commander, Operational Test and Evaluation Force, and Major General Cecil Powell, Commander of AFOTEC. I learned that each Commander is enthusiastic about his job and that each is pleased with his access directly to his service Chief and the support he receives from his boss. Each Commander understands very well his role of providing comprehensive, independent, objective evaluation of new systems. All expressed concern about the heavy load of testing ahead of them and the need for resources to meet this load.

Senator GLENN. Dr. Duncan, is there anything from your level that you would want to change in the way the Service testers do business? Can the individual Service testers learn anything from each other and is there adequate cross-talk between them?

Dr. DUNCAN. I think the Service testers talk to each other a great deal because each seemed very familiar with the activities of the others. My discussions with them at this stage have not gone into enough depth to enable me to identify changes in the way they should do business.

I was particularly impressed with the energy and enthusiasm of the test Commanders for their work. All three went out of their way to express support to me if I am confirmed as DOT&E and to offer any help that I need at any time. They commented on how visible the Director, Operational Test and Evaluation is and how much attention he gets from the Congress, GAO, IG, and the press. Each feels that his job is very demanding and that DOT&E can be helpful to him in getting adequate resources to carry out his responsibilities.

[The nomination reference of Robert C. Duncan follows:]

NOMINATION REFERENCE

SENATE OF THE UNITED STATES,
August 4, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Robert Clifton Duncan, of the District of Columbia, to be Director of Operational Test and Evaluation, Department of Defense, vice John E. Krings, resigned.

[The biographical sketch of Robert C. Duncan, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF ROBERT CLIFTON DUNCAN

Robert Clifton Duncan was born November 21, 1923 in Jonesville, Virginia.

He received a bachelor's degree from the U.S. Naval Academy in 1945, and master's and doctoral degrees in aeronautical engineering from the Massachusetts Institute of Technology in 1954 and 1960, respectively.

From 1945 to 1947, he served aboard the USS BREMERTON in the Pacific and was stationed in China and Japan. Thereafter, he received naval flight training and served operational tours in three Navy squadrons as a pilot of fighter and attack aircraft.

He retired from the Navy in 1960.

From 1960 to 1961, he was Chief of the Space Programs Branch in the Office of the Chief of Naval Operations. From 1961 to 1963, he served as the Special Assistant to the Director of Defense Research and Engineering.

From 1964 to 1968, he served with the National Aeronautics and Space Administration, as the Assistant Director for the NASA Electronics Research Center and later as Chief of the Guidance and Control Division of the NASA Manned Spacecraft Center.

In 1968, he joined the Polaroid Corporation. In 1969, he was named Assistant Vice President and in 1975 he became Vice President for Engineering.

In 1985, he was appointed Director of the Defense Advanced Research Projects Agency. In 1986, he became Assistant Secretary of Defense for Research and Technology. In 1987, he was appointed Director of Defense Research and Engineering.

He is married, has four children, and lives in Washington, D.C.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Robert C. Duncan in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. Name: (Include any former names used.)
Robert Clifton Duncan.

2. Position to which nominated:
Director of Operational Test and Evaluation.

3. Date of nomination:
August 4, 1989.

4. Address: (List current place of residence and office address.)
[Nominee responded and the information is contained in the committee's executive files.]

5. Date and place of birth:
November 21, 1923; Jonesville, Virginia.

6. Marital Status: (Include maiden name of wife or husband's name.)
Married to Rosemary Fleming.

7. Names and ages of children:
Melissa Duncan Keeney, age 39; Babette Duncan Wilson, age 37; Robert C. Duncan Jr, age 34; Scott M. Duncan, age 27.

8. Education: List secondary and higher education institutions, dates attended, degree received and date degree granted.
Beavercreek High School; Alpha, OH 1937-1941 Diploma (May 41).
Ohio State University, Columbus, OH 1941-1942 No degree.
U.S. Naval Academy, Annapolis, MD 1942-1945 B.S. (Jun 45).
U.S. Naval Postgraduate School; Monterey, CA 1951-1953 B.S. (Jun 53).
M.I.T. Cambridge, MA 1953-1954 S.M. (Jun 54).
M.I.T. Cambridge, MA 1957-1960 Sc.D. (Feb 60).

9. Employment record: List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
1. Vice President, Polaroid Corp, Cambridge, MA, Sept 1968-Sept 1985.
2. Director, DARPA, Arlington, VA, Dec 1985-Dec 1987, also Assistant Secretary of Defense (Research and Technology), Jul 1986-Dec 1987.
3. Director of Defense Research and Engineering, The Pentagon, Dec 1987-present.

10. Government experience: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
None in last 10 years.

11. Business relationships: List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
None.

12. Memberships: List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, National Academy of Engineering.

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. Honors and Awards: List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

1. Institute of Aeronautical Sciences Student Branch Scholastic Award—1953.
2. Associate Fellow, AIAA, 1964.
3. Legion of Merit, 1964.
4. Institute of Navigation, Hayes Award for Outstanding Leadership in field of Navigation, 1967.
5. NASA Exceptional Service Medal 1968.
6. Silver Beaver (Boy Scouts of America), 1976.
7. Distinguished Eagle Scout Award, Boy Scouts of America, 1984.
8. Distinguished Public Service Award (Secretary of Defense) 1987 and 1989.

15. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

1. *Dynamics of Atmospheric Entry,* McGraw-Hill, New York (1962).
2. "Satellite Navigation Aids," Chapter 12 of *Avionics Navigation Systems,* Edited by Myron Kayton and Walter R. Fried, John Wiley & Sons, Inc., New York (1967).
3. "Guidance and Control Engineering," Chapter 1 of Vol II of the Proceedings of the XVI International Astronautical Congress, Polish Scientific Publishers, Warsaw, Poland (1967).
4. Guidance and Control for Atmospheric Entry, Chapter 14 of *Reentry and Planetary Entry, Physics and Technology,* Edited by W.H.T. Loh; Springer Verlig, New York (1968).

Plus two dozen technical papers.

16. Speeches: Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

1. Defense Cooperation and the Allocation of Scare Resources (Sept 15, 1988).
2. AAAS Colloquium on Science, Arms Control, and National Security (Sept 28, 1987).

(Others contained in committee files.)

17. Selection:

(a) Do you know why you were chosen for this nomination by the President?

Recommended by Secretary of Defense Cheney and Deputy Secretary of Defense Atwood.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

More than 30 years experience in technical management.

18. Commitment to testify before Senate committees: Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Robert C. Duncan.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, country or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

ROBERT C. DUNCAN.

This 24th day of August, 1989.

[The nomination of Robert C. Duncan was reported to the Senate by Senator Sam Nunn on November 15, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

[Prepared questions submitted to Duane P. Andrews by Senator Nunn prior to the hearing with answers supplied follow:]

OCTOBER 27, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of October 23, 1989, transmitting questions of interest to the committee in connection with my nomination to serve as Assistant Secretary of Defense for Command, Control, Communications and Intelligence. I am honored to be considered for this important position and appreciate the opportunity to express my views on the important national security issues you raised. My specific responses are enclosed.

I look forward to appearing before you and the Committee on Armed Services. I will be pleased to provide any additional information you may require.

Sincerely,

DUANE P. ANDREWS.

Enclosure.

DEFENSE REFORMS

Question (1). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the amendments to the Act relating to special operations forces and low intensity conflict, and the Packard Commission recommendations.

a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

Answer. Yes. I strongly support the reforms of the Goldwater-Nichols Department of Defense Reorganization Act, as amended, and the Packard Commission recommendations. If confirmed, I will enthusiastically assist the Secretary, Deputy Secretary and Under Secretary of Defense for Acquisition in implementing the Secretary's July 1989 Defense Management Report which responds to these reforms and recommendations.

b. From the perspective of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD(C^{3}I)), what are the central issues in implementation of the Act that should receive frequent monitoring?

Answer. If confirmed as ASD(C^{3}I), I believe the various organizational arrangements to improve the military advice provided to the Secretary of Defense, personnel improvements, and revised procurement practices set forth in the Defense Management Report and which respond to the Packard Commission recommendations and the provisions of the Goldwater-Nichols Act, will require continued monitoring to ensure their effective implementation.

c. What responsibilities will be assigned to the ASD(C^{3}I) in implementing NSR-11 (the Defense Management Review)?

Answer. It is my understanding that the ASD(C^{3}I) will be responsible for implementing the management and defense acquisition improvements called for in the Defense Management Report as they apply to the C^{3}I organization and the activities supervised by the ASD(C^{3}I). If confirmed, I would also advise and assist the Secretary, Deputy Secretary and Under Secretary of Defense for Acquisition in implementing the recommendations and changes set forth in the report.

OVERALL FUNCTIONS AND RESPONSIBILITIES

Question (2). Should you be confirmed as ASD(C^{3}I), what functions and responsibilities do you expect that Secretary Cheney and Under Secretary Betti will prescribe for you?

Answer. As the ASD(C^{3}I), I will, if confirmed, have as my principal duty the overall supervision of the C^{3}I activities of the Department of Defense. I will report directly to the Secretary and Deputy Secretary on all C^{3}I policy matters and intelligence programs which are not part of the Defense Acquisition System, including those National Programs for which the Secretary of Defense has execution authority. I will report directly to Under Secretary Betti on all acquisition-related C^{3}I programs and activities.

THE WAR ON DRUGS

Question (3). Section 1102 of the National Defense Authorization Act for Fiscal Year 1989 directed that "[T]he Department of Defense shall serve as the single lead agency of the Federal Government for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States." What are the responsibilities of the ASD(C^{3}I) under this provision since that mission involves substantial C^{3}I elements?

Answer. It is my understanding that the ASD(C^{3}I)'s responsibilities within the surveillance and monitoring mission area are twofold: developing intelligence policy which guides the activities of DOD components; and ensuring that the defense assets supporting surveillance and monitoring are integrated into an effective telecommunications network. I am advised that the ASD(C^{3}I) has promulgated intelligence policy which tasks DIA and NSA to develop plans for intelligence production and dissemination, a system for centralized control of requests for defense intelligence assets and a program for coordination of intelligence activities with the Intelligence Community and Law Enforcement Agencies. Architectural efforts are underway to define specific intelligence needs at each location within the unified and specified commands and the Law Enforcement Agencies.

Question (4). Section 1103 of the National Defense Authorization Act for Fiscal Year 1989 states that "[T]he President shall direct that command, control, communications, and technical intelligence assets of the United States that are dedicated to the interdiction of illegal drugs be integrated by the Secretary of Defense into an effective communications network." What has been accomplished and what remains to be done in implementing this provision?

Answer. It is my understanding that both a National Telecommunications Master Plan for Drug Enforcement and a supporting Drug Enforcement Telecommunications Implementation Plan have been prepared. The Master Plan has been approved by the National Drug Policy Board. The Implementation Plan is in the final draft stage.

The Department, in a January 1989 report to Congress, indicated that $60M of fiscal year 1989 funds would be used for the communications effort, and a May 1989 report to Congress described the equipment and services to be acquired. Funds have been transferred to the Defense Communications Agency where a joint office has been established to ensure integration and coordination of the telecommunications requirements.

The existing Communications Interoperability Working Group (an interagency group) will continue to address issues and requirements from the interagency perspective. The Defense Communications Agency will continue to be the lead DOD office for implementation and interoperability of telecommunications systems. Remaining to be accomplished are the final plan for tracking acquisition status, fielding of equipment and development and updates to interagency agreements.

QUALIFICATIONS

Question (5). You have an extensive background and experience in intelligence matters. How do you rate your qualifications in the area of C^3, and how do you plan to compensate for any lack of direct experience in this area?

Answer. I believe my 10 years of military experience as a C^3 consumer and foreign C^3 intelligence analyst, a year in Vietnam with an Air Force tactical command and control unit (20th Tactical Air Support Squadron), and my twelve years with the House Permanent Select Committee on Intelligence reviewing intelligence-related strategic and tactical C^3 systems provides a good foundation of experience for this position. I believe I know my limits and, if confirmed, I would compensate for any deficiencies I find in my background and experience by identifying qualified personnel to advise and assist me.

RELATIONSHIP TO SERVICE ACQUISITION EXECUTIVES

Question (6). What will your relationship be to the Service Acquisition Executives? Will they report to Under Secretary Betti directly on C^3I matters or through you?

Answer. If confirmed as ASD(C^3I), I would work directly with the Assistant Secretary-level Service Acquisition Executives (SAEs). I would recommend changes in C^3I programs and procedures directly to the SAEs and to the Under Secretary of Defense for Acquisition. The SAEs would report directly to Under Secretary Betti.

CHALLENGES

Question (7). What do you believe are the major substantive, organizational, and procedural issues confronting the ASD(C^3I) in command, control, communications, and intelligence?

Answer. From my current perspective, I believe the most serious substantive challenge facing C^3I managers will be to maintain an effective ability to support C^3I consumers during a period of increasingly constrained resources and at a time when the requirements being placed on C^3I programs are multiplying. I believe major intelligence issues will include: developing and maintaining a capability to monitor strategic and conventional force reductions; expanding intelligence capabilities against Third World political, military and economic targets; and, enhancing intelligence support to U.S. counternarcotics and counterterrorist activities. Major C^3 issues will likely include: continuing modernization of nuclear command and control systems; acquiring needed communications, satellite systems to provide essential, assured, worldwide communications for our strategic and tactical forces; and, enhancing communications interoperability between U.S. and allied forces and among the U.S. military services.

I believe the major organizational and procedural issues I will confront, if confirmed, will involve implementation of the Defense Management Report, especially the need to streamline the acquisition system without losing capability for effective oversight and to involve the users (customers) of C^3I systems more fully in the resource allocation and acquisition processes.

Question (8). One criticism of our national military posture is that we have focused exclusively on the NATO/Warsaw Pact confrontation to the detriment of increasingly important regions such as the Middle East, the Pacific Rim, and South America. Can a similar criticism be made about the application of intelligence assets? Are national systems, military intelligence systems, and analytic resources excessively focused on the NATO/Warsaw Pact confrontation?

Answer. In my view, the Intelligence Community has properly put primary emphasis on collection and analysis of Soviet involvement in the NATO/Warsaw Pact confrontation because the USSR is the only power that is militarily capable of putting the survival of the United States directly at risk. I fully expect that in the future major attention will have to be devoted to Soviet targets even in an era of arms control treaties and detente. Over the years, U.S. intelligence has devoted considerable attention to problems other than those directly involving the USSR and its allies. While resource constraints may have resulted in some problem areas getting less attention than they warranted, DOD intelligence organizations have developed surge capabilities and can to a considerable degree refocus attention as the situation warrants. Maintaining a proper balance involves setting and observing priorities and, if confirmed, I would devote considerable attention to determining the necessary resource distribution.

Question (9). It is generally agreed that we need to provide adequate intelligence on the Soviet military threat, to monitor all prospective arms control agreements, to continue initiatives to improve national intelligence support to military forces, to improve substantially the survivability of critical national intelligence assets, and to expand intelligence capabilities in the areas of drug trafficking, low intensity conflict, economic affairs, and monitoring other events in increasingly important third world areas. How do we accomplish this with increasingly constrained resources?

Answer. There is no escaping the fact that requirements for intelligence are open-ended while intelligence resources are not only finite but in some respects inadequate. This means that very careful attention must be applied to setting priorities and to ensuring that those priorities are recognized throughout the Defense Department. I recognize that the bulk of DOD's intelligence resources are programmed and budgeted by the DCI within the National Foreign Intelligence Program and, if confirmed, I intend to work very closely with the DCI to identify issues that must be addressed by the intelligence community and to represent the interests of the Secretary of Defense in the decisions that are reached regarding intelligence resources. In the Tactical Intelligence and Related Activities (TIARA) area I would provide program guidance to the Military Services and Defense Agencies and work with them to ensure optimum application of limited Defense resources.

NATIONAL PROGRAMS

Question (10). The Senate Select Committee on Intelligence and the Senate Armed Services Committee support changes in the way we are organized to manage national satellite programs. These changes were recently endorsed by a special, high level study panel as well. As the senior DOD official for C^3I, what are your views on these recommended changes?

Answer. I believe the framework for organizational change which has been agreed to by the Secretary of Defense and Director of Central Intelligence will result in an organizational structure which should be able to better manage these national programs and contribute to a more effective and efficient overall intelligence effort.

Question (11). During the INF Treaty deliberations last year, the Senate took a strong stand on the need to improve monitoring capabilities. As a result, some specific programs have been initiated with the support of the present administration. Do you support these initiatives and would you support them if overall resource levels decline?

Answer. I believe the Senate initiatives to improve monitoring capabilities contained in the fiscal year 1990 administration budget add to our national collection capabilities and, in the current budget and international politico-military context, I fully support the initiatives. Regarding future budgets, if confirmed as ASD (C^3I), I would have to review these initiatives together with other vital C^3I programs in the Defense budget and international context existing at that time before I could make a recommendation.

MILSTAR

Question (12). The Senate has consistently supported the MILSTAR satellite program. There is concern, however, about whether the program should be pursued if the Air Force is unwilling to fund the program adequately and if the full potential of the system is not realized.

a. How do your intend to address these concerns?

Answer. It is my understanding that the Secretary of Defense and the Air Force fully support the program. In testimony before and correspondence with the Congress, Secretary Cheney has repeatedly stated that the MILSTAR program is the Department's highest priority C^3I program. I am further advised that the Defense Acquisition Board (DAB) has reviewed the MILSTAR program three times during the past year. All reviews confirmed progress on the program and the continuing critical importance of MILSTAR to the maintenance of U.S. defense capabilities. If confirmed, I will work to stabilize program funding and will closely monitor cost performance and management of the program. In addition, I will review requirements for expanding the capabilities of MILSTAR and evaluate if and when these capabilities should be incorporated into the program.

b. How do you intend to ensure that the system will provide maximum support and utility to all the military Commanders in Chief and not just to CINCSAC?

Answer. From the very outset MILSTAR was intended to support both strategic and tactical users and I am advised that this commitment has not changed. If confirmed, I will work with all the CINCs to ensure that they are supported by MILSTAR to the maximum extent possible and will encourage their direct and active participation in the program.

COMMUNICATIONS INTEROPERABILITY

Question (13). Military exercises and actual military engagements illustrate time and time again that communications interoperability both between U.S. and allied forces and between the U.S. military services is a serious problem. For example, one of the recurring criticisms of the Grenada operation was the inability of our forces to communicate properly with each other.

a. What do you believe are the main accomplishments in communications interoperability since Grenada and what are the tasks still to be carried out?

Answer. Grenada highlighted interoperability problems of both a technical and operational nature. The technical problems were primarily a result of equipment fielding mismatches between Army and Marine Corps helicopters. The Army was through fielding and the Marines had just begun fielding VINSON COMSEC. The operational problems were a result of command decisions not to involve communications planners early enough in the preparation.

Since Grenada, the Department has emphasized C^3I interoperability in a number of ways including establishment of the Joint Tactical Command, Control, and Communications Agency to serve as a focal point for all interoperability efforts. Successful C^3I support to joint forces in Operation Eldorado Canyon, and during the extended deployment of forces in the Persian Gulf is testimony to improvements in C^3I interoperability.

Regarding tasks still to be carried out, DOD is just beginning to see an influx of truly automated battlefield information management systems such as the Army Field Artillery Tactical Data System (AFATDS) and Maneuver Control System (MCS). I am advised that the development and management of interoperability standards for systems such as these will be a major challenge.

b. How much emphasis do you intend to place on this area both in terms of interservice and intra-alliance forces?

Answer. Interoperability is not a milestone objective; it is a continuing challenge. Monitoring is required from the first requirements statement to the phase-out of a system. I believe DOD cannot afford to reduce its level of effort or commitment to interoperability. In fact, I am advised the DOD is increasing their efforts, particularly with regard to tactical and strategic intelligence system interoperability.

I also believe we should continue working with our Allies world-wide to ensure that systems provide the requisite degree of interoperability. The first objective, however, must be to ensure that our own house is in order, that joint requirements are well defined, and that program managers are working to provide interoperable solutions.

c. How do you intend to ensure that requirements for, and design and procurement of, communications equipment results in effective interoperability?

Answer. The path to interoperability is easily described, but difficult to follow. I believe we should complete, as a priority order of business, objective interoperability architectures which describe in technical detail systems standards necessary to ensure end-to-end interoperability. Once we have settled on a standard, we need to enforce it. We should continue to review all requirements documents to ensure that interoperability is provided for. We should continue to examine test plans for interoperability testing. Finally, I believe we should continue to evaluate exercises and operations to learn where we can do things better.

It is my understanding that there are good mechanisms to help us enforce interoperability. The Joint Requirements Oversight Council, chaired by the Vice Chairman of the Joint Chiefs of Staff, has taken an active role in reviewing and validating all new requirements. If confirmed, I intend to work closely with the Vice Chairman in this endeavor. Moreover, as the Chairman of the C^3I Systems Committee of the Defense Acquisition Board, I would have ample opportunity to review all major systems acquisitions for interoperability.

INTELLIGENCE OPERATIONS CENTER

Question (14). The Senate Intelligence Committee's Authorization Bill this year directs the Secretary of Defense and the Director of Central Intelligence to study proposals for an integrated intelligence community operations center that would have the authority to task, and analyze information derived from, tactical and national collection systems to support national decisionmakers.

The concern prompting this study requirement is that the intelligence community is too fragmented in terms of tasking, analysis, and dissemination to support national decisionmakers with timely, comprehensive, and coordinated information, particularly in crises. Recent events in Panama underscore this concern.

a. Do you believe this concern is well-founded?

Answer. Although it is my view that the intelligence community performed well during the recent Panama coup attempt, I would agree that more could be done to coordinate and focus intelligence community collection, analysis and reporting efforts during a crisis. In particular, we need to be sure that the on-scene commander has full and timely access to *all* available intelligence, whether collected by national or tactical means.

b. Do you think a national-level operations center is a proper solution to this perceived problem?

Answer. Although I believe intelligence community efforts could be better coordinated and focused during a crisis and that a national-level center is one possible solution, I am not convinced a single integrated intelligence community center is the best approach. If confirmed, I would like to examine a variety of options available with regard to this issue before recommending any changes to current intelligence community procedures.

c. What are the advantages and disadvantages from your perspective of this proposed center?

Answer. From my perspective, the principal advantage of an integrated center would be to ensure that collection operations are fully coordinated during a crisis and that all available intelligence is exchanged among the intelligence agencies to provide a timely comprehensive intelligence product. I believe the principal disadvantage is that the collection managers, processors/analysts, and area specialists, which would be required to staff a crisis operation center, are scarce resources needed to staff agency/departmental operations centers.

d. Do you think a new organization is required or is it possible to evolve the existing National Military Intelligence Center to fill this role.

Answer. I believe either approach has advantages and disadvantages. Before making any specific recommendations, I would like to have an opportunity to examine the various options for enhancing intelligence support to national decisionmakers during a crisis.

RELATIONSHIP TO THE ASSISTANT TO THE SECRETARY OF DEFENSE FOR INTELLIGENCE POLICY (ATSD(IP))

Question (15). The committee has received two letters from Secretary Cheney outlining the responsibilities of the new Assistant to the Secretary of Defense for Intelligence Policy (ATSD(IP)).

The following questions relate to the relationship between the ATSD(IP) and the ASD(C^3I).

a. Will the ATSD(IP) have a role in formulating and deciding intelligence policy?

Answer. The Secretary and Deputy Secretary of Defense have not assigned the ATSD(IP) the responsibility for formulating intelligence policy. The responsibility for development of policy concerning national and tactical intelligence and related activities is assigned to the ASD(C^3I). Development of policy concerning counterintelligence and security programs as well as DOD involvement in national security special activities is assigned to the Under Secretary of Defense for Policy (USD(P)).

The ATSD(IP) is assigned responsibility to monitor the implementation of intelligence policy and to provide advice and make recommendations to the ASD(C^{3}I) and USD(P) as well as the Secretary and Deputy Secretary.

b. Will the ATSD(IP) or the ASD(C^{3}I) represent the CJCS and the Unified and Specified Commanders in Chief in the requirements, resource allocation, and acquisition processes?

Answer. Both the ASD(C^{3}I) and the ATSD(IP) have a responsibility to work with the Chairman of the Joint Chiefs of Staff (CJCS) and the Unified and Specified Commanders in Chief to ensure that their intelligence needs are met. The ATSD(IP) would recommend any changes he feels are necessary to current programs to the Secretary and Deputy Secretary and to OSD officials responsible for staff supervision of these programs. I am also advised that the CJCS and CINCs have direct representation throughout the requirements review, resource allocation and acquisition processes.

c. Will the ATSD(IP) or the ASD(C^{3}I) represent the Secretary and DOD in interagency affairs?

Answer. If confirmed as ASD(C^{3}I), I would be responsible for providing DOD representation on all intergovernmental organizations concerned with those intelligence matters for which I have been assigned responsibility. The ATSD(IP) would represent DOD in interagency affairs only when specifically assigned by the Secretary of Defense.

d. Will the ATSD(IP) be involved in resource allocation decisions, particularly in the formal DRB and DAB processes?

Answer. Secretary Cheney established the ATSD(IP) to provide a mechanism to help keep himself and the Deputy Secretary informed on all aspects of intelligence activities across the Department including the allocation of intelligence resources. The ATSD(IP) reviews intelligence programs and resource management activities and recommends changes to the Secretary and Deputy Secretary and to the ASD(C^{3}I), who provides intelligence representation when necessary in formal Defense Acquisition Board and Defense Planning and Resources Board deliberations.

e. Who, at the OSD level, has day-to-day oversight of NSA and DIA? What is the relationship between the ATSD(IP) and the ASD(C^{3}I) in this area?

Answer. Day-to-day oversight of NSA and DIA is the responsibility of the ASD(C^{3}I). It is my understanding that while the ATSD(IP) will monitor the activities of NSA and DIA, he will not be involved in the details of execution now in line management responsibilities.

Question (16). Several DOD studies as well as the Congressional Intelligence Committees have recommended creation of an Assistant Secretary of Defense for Intelligence (ASD(I)). Last year's Authorization Act granted the Secretary of Defense the latitude to create an ASD(I). Secretary Cheney has thus far elected not to take this action but has named a senior special assistant for intelligence. In your view, is the ATSD(IP) an ASD(I) in all but name? If not, what are the intelligence duties in the C^{3}I area that have now been assigned to the ATSD(IP) and what intelligence duties remain within the Office of the Assistant Secretary of Defense (C^{3}I)?

Answer. No. In deciding not to exercise the option of establishing an ASD(I), Secretary Cheney stated that he would continue the current organizational arrangements for supervision of intelligence activities. Secretary Cheney assigned the ATSD(IP) responsibility for reviewing intelligence activities across the Department including those over which the ASD(C^{3}I) has oversight and for providing advice and recommending changes to the Secretary/Deputy Secretary and to the ASD(C^{3}I). The ATSD(IP) was not assigned the policy development, program execution, line management, or staff coordination and representational responsibilities which would have been assigned to an ASD(I) and which are currently assigned to the ASD(C^{3}I).

I believe the functions and responsibilities assigned to the ATSD(IP) complement those of the ASD(C^{3}I) and will greatly assist the Secretary and Deputy Secretary in keeping informed regarding all aspects of defense intelligence activities.

ELECTRONIC WARFARE

Question (17). In your view, how well does the current intelligence community support efforts to incorporate the most advanced and operationally effective technology into electronic combat equipment? Are the intelligence assessments of the future threat deficient, or are they poorly communicated to the acquisition community, or is the acquisition process itself to blame for shortcomings? How can the process be improved?

Answer. There are a number of significant challenges associated with intelligence support to EW systems acquisition. It is important to note that the EW threat is both a dynamic and a multi-dimensional problem for the intelligence community. The fighting forces of potential adversaries are constantly being modernized with an array of advanced air-to-air missiles, air defense, command, control, communications and avionics systems, essentially placing the U.S. EW systems development community in a reactive posture. Moreover, intelligence on foreign systems, especially wartime reserve modes and passive engineering features such as ECCM, is especially difficult to collect and interpret.

Despite these challenges, however, I believe the intelligence community can collect, process and disseminate threat data more rapidly and acquisition managers and the development community could be more alert to threat changes. Finally, new EW programs which seek to avoid threat specific solutions would be less dependent on timely threat intelligence.

Question (18). What is the position of the Office of the Secretary of Defense on the importance and likelihood of success of the Advanced Self-Protection Jammer program?

Answer. I am advised that the Airborne Self-Protection Jammer is considered a vital addition to DOD's inventory of defensive equipments. Designed to counter the modern threat to tactical aircraft, ASPJ is the only airborne jamming system currently under development which provides reasonable protection against rapidly evolving pulse doppler threats. It has also demonstrated the technical capability to simultaneously jam up to 20 standard ground-to-air and air-to-air threats. Of all electronic countermeasure sets, it is the least susceptible to counter-countermeasures.

The Department is aware of some areas of marginal performance revealed during FSED testing, but remains cautiously optimistic with regard to ASPJ. The very fact that these problems have been discovered and corrections are being incorporated into production systems is reassuring in assessing the ability of this system to overcome identified deficiencies.

Question (19). Most ECM/ECCM systems are components of larger systems—for example, the defense avionics system on the B-1B bomber. What is the relationship between the ASD(C^{3}I) and the DDR&E in monitoring such programs? What is the process and what are the criteria for assigning authority over such programs?

Answer. ASD(C^{3}I) is the executive responsible to USD(A) for focus and coordination of EW systems and is the primary spokesman to the Congress on programmatic matters. Specifically, under USD(A), the ASD(C^{3}I) has lead management responsibility for dedicated EW programs and those programs destined for multiple platforms. This includes programs dedicated to the EW mission such as the EF-111, EA-6B and the EC-130H Compass Call and major acquisition programs applicable to multiple platforms such as the ASPJ which is destined for the F-16, F-18, AV-8 and F-14 aircraft. It is my understanding that the ASD(C^{3}I) has developmental oversight for most other EW systems and provides technical and management support to the Defense Acquisition Board (DAB) and its committees. ASD(C^{3}I) also maintains production oversight of EW systems and coordinates with DDR&E who has cognizance over the production funding for systems integrated and/or procured as an integrated part of the platform line.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN WARNER

SPACE-BASED SENSOR PROGRAM

Senator WARNER. Mr. Andrews, members of the Senate Armed Services Committee are concerned that a very important space-based wide area surveillance sensor program may not be getting a fair hearing within DOD because of the current focus on airborne reconnaissance. Will you assure members of the committee that you will look carefully at the benefits that a space-based radar or infrared system can provide to our war-fighting commands and early warning requirement? In addition, will part of your review include the potential for international cooperation in order to reduce the cost of such a space-based system to the United States?

Mr. ANDREWS. I can assure you that we will look carefully at the benefits that a space-based radar or infrared system can provide to our war-fighting commands and early warning requirements. As you may know, a Milestone I Defense Acquisition Board is scheduled to convene early next year to review this very question. This board culminates a year of study by OSD and the services on the merits and limitations of a space-based sensor program. Key to any Milestone I decision is a focus on the military utility of the proposed system.

International cooperation is an important consideration in many of our programs, but particularly in this wide area surveillance effort. Several allies have expressed interest in the project. These allies are interested in the outcome of our Defense Acquisition Board. We, of course, are interested in developing a system that will encourage participation of our allies in the funding of a space-based program as well as the ability to take advantage of their own industrial capabilities.

NATIONAL MILITARY INTELLIGENCE CENTER

Senator WARNER. We are concerned that the Pentagon's National Military Intelligence Center and its directorate for collection may not have all of the authority, access to compartmented information, and quality staff to support the national command authority during a crisis or war. Do you share these concerns and, if so, what are your intentions to rectify these deficiencies?

Mr. ANDREWS. I do not share your concerns. The National Military Intelligence Center (NMIC), under the Defense Intelligence Agency's (DIA) Directorate for JCS Support, incorporates proven analytical techniques and procedures that maximize intelligence support to the National Command Authority. To ensure that intelligence collection is responsive and tailored to the crisis of war being followed, DIA's Directorate of Collection's Collection Coordination Facility (CCF) is located within the NMIC where it can optimize collection support to NMIC operations. The CCF has access to compartmented information, full authority to task any intelligence collection asset, both within and without DOD, and is well versed in the procedures required for quick response situations. Both the NMIC and the CCF have multiple secure communication links to other intelligence and operational centers that may be involved during a crisis or war. These communication links permit expeditious exchange of information and levying of requirements on the appropriate collection agencies. To further enhance coordination, both NSA and CIA have liaison officers in the NMIC who serve as valuable conduits during crisis and war situations. As for the quality of the staff, both the NMIC and the CCF are manned by experienced, well qualified, multi-level cleared analysts and desk officers. To keep pace with an accelerating crisis both the NMIC and CCF have augmentation plans that draw on the entire manning of DIA to ensure that the appropriate personnel, both in numbers and expertise, are brought to bear when needed. Additionally, both the NMIC and the key operational entity that it supports, the National Military Command Center (NMCC), have just acquired new crisis support spaces that permit, for the first time, complete physical integration of both operational and intelligence assets to support the Command Authority in its management of crisis or war situations.

ASAT AND C ^{3}

Senator WARNER. Mr. Andrews, as the ASD for C ^{3}I, the issue of anti-satellite systems is of direct interest to you because of wartime survivability and effectiveness concerns associated with C ^{3} systems under your responsibility. The committee received extensive testimony this year from military and administration witnesses on the need to deploy an ASAT system to, among other things, enhance the survivability of our Armed Forces—particularly U.S. naval forces—from detection by Soviet overhead systems. On balance, do you think it is important for the United States to deploy an ASAT capability even if it means that the Soviets may be able to degrade our C ^{3} by the deployment of additional ASAT systems beyond that currently available to the Soviet military?

Mr. ANDREWS. I think it is important for the United States to deploy an ASAT capability. The current imbalance in ASAT capability puts our large investment in space at risk without a credible deterrent. We depend on our space assets for many missions, as do the Soviets. Even in an era of relative peace we cannot afford to let this asymmetry persist. In the absence of a U.S. ASAT capability, the Soviet's uncontested ASAT capabilities would allow them to destroy many of our critical low altitude satellites. The development of a U.S. ASAT capability clearly focused on negating hostile low altitude satellites, and even the Soviet co-orbital ASAT, would provide a vastly improved set of options for the United States. We need options to deter the use of Soviet ASATs, to respond in-kind should deterrence fail, and to negate hostile satellites, if required. Regarding the development of additional ASAT capabilities, I do not believe the Soviets would do anything vastly different if we were to build our own ASAT capability. Today, the Soviet Union possesses a capability to attack key U.S. satellites. This capability includes, in addition to their operational co-orbital ASAT, the inherently ASAT-capable GALOSH ABM interceptors, ground-based test lasers at Sary Shagan and a technology capability for electronic warfare. History shows that the Soviets plan for the long term and do not rush into weapon development activities. The Soviets have an extensive space program and are already making large investments in developmental systems with potential for ASAT capability.

LIGHT SAT

Senator **Warner**. Mr. Andrews, U.S. C^3 satellite systems are generally very expensive platforms. There has been discussion of utilitizing more inexpensive, but less capable, communication satellites (such as "LIGHT SATS") as an adjunct to the current centralized and expensive satellite platforms. What importance or usefulness do you give the "light sat" concept? Do you think the U.S. should have such a capability readily available for crisis or wartime replenishment?

Mr. **Andrews**. The LIGHT SAT concept should be pursued, but the overall verdict is still out. We did not drift into our current system of expensive space platforms. We got there through conscious decisions that recognized cost effectiveness. Our expensive space systems have performed admirably throughout years of operation. On occasion they have demonstrated great flexibility and longevity.

LIGHT SATS offer the potential to proliferate satellites for some missions which undoubtedly aids survivability. In addition, LIGHT SATS have the potential for "launch on demand" which could greatly aid wartime replenishment. The actual economies, however, have not been proven. And the overall cost effectiveness, considering limited capabilities and military utility must still be determined.

DEFENSE SUPPORT PROGRAM (DSP)

Senator **Warner**. Mr. Andrews, the SDI organization and the Air Force are jointly examining a follow-on technology to our early warning system, the Defense Support Program or DSP. The follow-on candidate is probably the Boost Surveillance and Tracking System or BSTS, which is funded in the SDI account. How important is BSTS for meeting our future tactical warning and attack assessment needs, and potential battle management C^3 requirements for SDI?

Mr. **Andrews**. The Boost Surveillance and Tracking System (BSTS) is indeed the most probable candidate for the follow-on to the Defense Support Program (DSP). BSTS is being designed to meet the tactical warning and attack assessment (TW/AA) requirements as well as the Strategic Defense System requirements. The specifics of these requirements are currently under DOD review, which will be completed before BSTS enters the full scale development state.

As the most probable follow-on to DSP, the BSTS program is critically important to meeting our future tactical warning and attack assessment needs. The BSTS program is poised to proceed to the next acquisition phase through the release of a Request for Proposal, which incorporates the approved TW/AA requirements. This will be a free and open competition among all qualified bidders. In terms of meeting the expected SDI battle management C^3 requirements, BSTS will be designed to meet the requirements to support additional Strategic Defense System elements, as determined by the Strategic Defense Initiative Organization.

[The nomination reference of Duane P. Andrews follows:]

NOMINATION REFERENCE

Senate of the United States,
September 8, 1989.
(Under authority of the order of the Senate of January 3, 1989.)

Ordered, That the following nomination be referred to the Committee on Armed Services:

Duane Perry Andrews, of Virginia, to be an Assistant Secretary of Defense, vice Gordon A. Smith, resigned.

[The biographical sketch of Duane P. Andrews, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Duane P. Andrews

Duane P. Andrews is currently a professional staff member, Subcommittee on Program and Budget Authorization, House Permanent Select Committee on Intelligence. Since 1984, he has been the principal program and budget reviewer for Central Intelligence Agency programs and Department of Defense cryptologic activities. From 1977, when Mr. Andrews joined the committee, until 1984, he was the principal reviewer for Department of Defense cryptologic, tactical intelligence and intelligence related activities including communications and computer security, electronic warfare, and strategic/tactical command, control and communications programs.

Prior to joining the committee staff, Mr. Andrews served as an Air Force officer. He received an Air Force commission in 1967. His assignments included various intelligence analysis (including foreign command, control and communications systems) and resouce/systems management jobs at Wright-Patterson Air Force Base, the Pentagon, and the Republic of Vietnam. Mr. Andrews' military awards include the Air Force Commendation Medal, two Meritorious Service Medals, the Republic of Vietnam Cross of Gallantry and the Bronze Star Medal.

Mr. Andrews was born on January 19, 1945, in Boca Raton, Florida. He received a Bachelor of Science degree from the University of Florida in 1967 and a Master of Arts degree from Central Michigan University in 1974.

Mr. Andrews and his wife reside in Falls Church, Virginia, with their two children.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Duane P. Andrews in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. Name: (Include any former names used.)

Duane Perry Andrews.

2. Position to which nominated:

Department of Defense, Assistant Secretary of Defense (Command, Control, Communications and Intelligence).

3. Date of nomination:

September 8, 1989.

4 Address: (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. Date and place of birth:

January 19, 1945, Boca Raton, Florida.

6. Marital Status: (Include maiden name of wife or husband's name.)

Married to the former Opal Lynne Brown of Manassas, Virginia.

7. Names and ages of children:

Terrill A. Andrews, age 16 (son); Peyton L. Andrews, age 14 (daughter).

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Secondary:

Lake Worth Jr. High School (September 1957–June 1960).

Lake Worth High School (September 1960–June 1963) (diploma awarded June 1963).

Undergraduate:

University of Florida (September 1963–April 1967).

Bachelor of Science awarded April 1967.

Palm Beach Jr. College (June 1964–August 1964) (undergraduate course work).

Graduate:

Wright State University (June 1968 to August 1968; September 1969–December 1969); graduate course work (part-time).

Central Michigan University (July 1975 to May 1976; classes held in Metro Washington area) Master of Arts awarded May 1974.

9. Employment record: List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Professional Staff Member, U.S. House of Representatives Permanent Select Committee on Intelligence, Room H-405, The Capitol, Washington, DC 20515.

Dates employed: November 1977 to present.

May 1984–Present. Serves as the principal program and budget reviewer for Central Intelligence Agency, National Security Agency, and Service Cryptologic Element (SCE) activities. Organizes and conducts program audits and investigations. Drafts authorization legislation and monitors legislation affecting intelligence activities. Provides counsel to House Members on a wide variety of policy issues.

November 1977–April 1984. Professional Staff Member, Permanent Select Committee on Intelligence. Served as the principal program and budget reviewer for Department of Defense cryptologic, tactical intelligence and intelligence-related activities including electronic warfare and tactical/strategic command, control and communications programs. Responsible for coordination and liaison with the House Committee on Armed Services.

10. Government experience: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. Business relationships: List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Lee-Graham Corporation (non-profit neighborhood swimming pool corporation); shareholder with spouse.

OBA Designs (part-time handmade crafts business for which my spouse is sole proprietor); unpaid advisor/consultant.

12. Memberships: List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Air Force Association, Arlington, VA (membership).

Association of Old Crows/The Electronic Defense Association, Alexandria, VA (membership).

American Automobile Association, Falls Church, VA (membership).

United States Swimming, Colorado Springs, CO (membership).

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. Honors and Awards: List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

High School:

National Honor Society, 1960; Honor Graduate, 1963; Florida State Scholarship for Academic Achievement (1963).

Undergraduate:

Arnold Air Society Inductee, 1965.

Air Force ROTC Distinguished Military Graduate, 1967.

Military Recognition/Decorations:

Armed Forces Air Intelligence Training School Honor Graduate, 1968.

Foreign Technology Division Commanders Award for Outstanding Contributions to National Intelligence, 1970.

Bronze Star Medal, 1971.

Republic of Vietnam Cross of Gallantry, 1971.

Air Force Commendation Medal, 1974.

Meritorious Service Medal, 1975 and 1977.

15. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. Speeches: Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. Selection:

(a) Do you know why you were chosen for this nomination by the President?

I believe my professional qualifications and demonstrated abilities working with Members of the Permanent Select Committee on Intelligence for more than eleven years including Secretary Cheney when he was a member of the committee resulted in the Secretary's recommendation and the President's nomination.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe my over 21 years of professional experience in working with, analyzing, reviewing, and managing Department of Defense national, strategic and tactical intelligence and intelligence-related programs, including strategic and tactical command, control and communications systems, qualifies me for this appointment. Further, I believe the familiarity with many of the technical aspects and applications of C^3I systems I have acquired augments my general technical undergraduate and management/administrative graduate academic background and, when coupled with my Air Force operational and resource management experience and the requirements, program and policy review experience gained through my professional staff position with the House of Representatives, provides a background ideally suited for this position.

18. Commitment to testify before Senate committees: Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Duane P. Andrews.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associated, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

DUANE P. ANDREWS.

This 8th day of September, 1989.

[The nomination of Duane Perry Andrews was reported to the Senate by Senator Sam Nunn on November 15, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

NOMINATIONS OF ROBERT C. McCORMACK TO BE ASSISTANT SECRETARY OF THE NAVY FOR FINANCIAL MANAGEMENT; MICHAEL B. DONLEY TO BE ASSISTANT SECRETARY OF THE AIR FORCE FOR FINANCIAL MANAGEMENT; AND SUSAN M. LIVINGSTONE TO BE ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS, LOGISTICS, AND ENVIRONMENT

TUESDAY, NOVEMBER 7, 1989

U.S. Senate,
Armed Services Committee,
Washington, DC.

The committee met, pursuant to notice, at 2:58 p.m. in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Warner, Gorton, and Lott.

Other Senators present: Senator Burns and former Senator Jepsen.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Marie Fabrizio Dickinson, assistant chief clerk.

Professional staff members present: Robert E. Bayer, David S. Lyles, and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; George K. Johnson, Jr., George W. Lauffer, and Ann Elise Sauer, professional staff members.

Staff assistants present: Barbara L. Braucht and Mickie Jan Wise.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; Terrence M. Lynch, assistant to Senator Shelby; Robert M. Soofer, assistant to Senator Gorton; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT BY SENATOR SAM NUNN, CHAIRMAN

Chairman Nunn. On our second panel is Mr. Robert C. McCormack who is nominated to be Assistant Secretary of the Navy for

Financial Management. I want to welcome Mr. McCormack and his wife Mary to the committee this afternoon.

For the last 2 years Mr. McCormack has served as Deputy Assistant Secretary of Defense for Production Support and Deputy Under Secretary of Defense for Industrial and International Programs.

Prior to these assignments Mr. McCormack had extensive experience in corporate finance in the private sector.

Mr. Michael Donley has been nominated by the President to be Assistant Secretary of the Air Force for Financial Management. Mike is well known to the members of this committee. He served on the committee staff from 1981 to 1984 before joining the staff of the National Security Council. We welcome Mike back and understand that Gail, his wife, is with him this afternoon. We welcome her back also.

Both Mr. McCormack and Mr. Donley are walking right into the teeth of a bear trap called a sequester. We will have questions for them on this subject, as well as others, shortly.

We would expect for you to be able particularly, Mike, to explain the full ramifications of Gramm-Rudman and all the logic behind it since I am sure you are already familiar with it. [Laughter.]

Ms. Susan Morrisey Livingstone has been nominated by the President to serve as Assistant Secretary of the Army for Installations, Logistics and Environment. I want to welcome Ms. Livingstone to the committee this afternoon. We are pleased to have you.

Ms. Livingstone has worked in the logistics field for the Veterans' Administration for the last 8 years, most recently serving as the Associate Deputy Administrator for Logistics. Ms. Livingstone will be dealing with relatively uncontroversial programs like contracting out and environmental cleanup of the Army facilities, and we will be working with you on those programs very closely.

Before we hear from the nominees, I know that Senator Burns, our colleague, has some introductory remarks to make about one of our nominees, so I will call on you, Senator Burns, for your comments.

STATEMENT OF HON. CONRAD BURNS, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator BURNS. Thank you, Mr. Chairman. It is a pleasure and honor to introduce a fellow Montanan, Susan Morrisey Livingstone, even though she was born in Missouri. Of course, that was my home State, so we're both kind of transplanted.

She is being recommended for the position of Assistant Secretary of the Army for Installations and Logistics. Being a military brat, Susan who has adopted her husband's home in the State of Montana as her own, shows that she is a pretty smart person right there. But it is also an honor to have her here.

Her outstanding career speaks for itself. Susan has served the veterans of this country for 8 years. She joined the executive branch of the Government as Deputy Director of Legislative Liaison for Community Service Administration in July 1981 after serving in the legislative branch for 9 years.

During her career at the VA Susan rose from being an executive assistant to the former Associate Deputy Administrator for Logistics to being the Associate Deputy herself. You only have to read the glowing reports of her hard work, intelligence, and enthusiasm to see how that was possible.

Susan's background and experience in logistics will serve the Army well. Her knowledge and enthusiasm will make her a pleasure to work with, and so I heartily recommend that everybody on this committee, Mr. Chairman, would support us in her nomination, and I thank you very much. I will have to apologize because I have some other commitments and must leave. I want to thank you for this courtesy.

Chairman NUNN. Thank you very much, Senator Burns. We appreciate your being here.

We also have Mike Donley here, who is a familiar face to us as a member of this staff for a long time, and we have former Senator Roger Jepsen, who was our colleague on this committee. I believe, Roger, that Mike was your first military assistant when you served on this committee. If you would like to say a word, we welcome you. We welcome your presence here.

Mr. JEPSEN. He is a good man. [Laughter.]

Chairman NUNN. We will start with that, Mr. Donley. That is a good way to begin with your presentation, and we will ask each of you to make any remarks you would like to and then we will have questions.

STATEMENT OF MICHAEL B. DONLEY, NOMINEE TO BE ASSISTANT SECRETARY OF THE AIR FORCE FOR FINANCIAL MANAGEMENT

Mr. DONLEY. Thank you, Mr. Chairman. It is indeed an honor for me to return to this committee as the President's nominee to be Assistant Secretary of the Air Force for Financial Management.

The position represents the opportunity once again to work with members and staff with whom I share closely a strong commitment to public service and national defense. And, in making the most of this opportunity, it is clear to me that both some old issues and some new issues and conditions will shape the issues that we face, issues in which the financial community will be on the leading edge.

Some of these involve the budget authority and outlay relationships that we are building into the budget in the out years and also some tough issues up front in the near future with respect to Gramm-Rudman.

I have a more lengthy statement which I would ask to be placed in the record.

Chairman NUNN. Without objection, it will be.

Mr. DONLEY. Going into this endeavor, Mr. Chairman, I appreciate the fact that national defense will continue to involve constitutional powers shared between the legislative and the executive branches and, therefore, I know that the problems that I face as financial manager for the Air Force are not mine alone but are shared also with this committee and other committees of the Congress.

I look forward to joining Secretary Cheney and Secretary Rice as part of the Air Force and DOD team, and I certainly share their commitment to work with this committee and other committees in Congress in meeting the challenges and the opportunities ahead.

[The prepared statement of Mr. Donley follows:]

PREPARED STATEMENT OF MICHAEL B. DONLEY, NOMINEE FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT)

Mr. Chairman, it is an honor for me to return to this Committee as the President's nominee to be Assistant Secretary of the Air Force for Financial Management.

This position presents the opportunity once again to work closely with members and staff with whom I share a strong commitment to public service and national defense. In making the most of this opportunity it is clear to me that both old and new conditions will shape the tough issues we face—issues where the financial management community will be on the leading edge.

The world has changed since I left the committee staff in 1984; the national mood is different; and certainly the budget environment for defense is different. From the peak year of FY85, the buying power of the Air Force program has declined 12 percent and the defense budget as a whole has experienced a similar decline. This is not by any means a measure of our readiness or strength, but it is nevertheless a clear signal that we must be selective about our priorities and programs given the fixed or perhaps shrinking size of the fiscal funnel.

In this respect the financial manager has too often been viewed only as the bearer of bad news. However, in adapting to these more demanding fiscal conditions, I believe Secretary Rice envisions a somewhat more open planning process in which the financial management and budget community can contribute constructive support to informed decision-making, in addition to its more narrow role of 'keeping the books' once decisions have been made. In addition, during this period of fiscal constraint the financial management community feels an even heavier responsibility for good stewardship of scarce resources. In practical terms, this means closer scrutiny will be given to budget execution.

If, Mr. Chairman, the fiscal environment is indeed different and the financial management challenges a little bigger there are certain things that haven't changed.

First, I believe the quality of our forces remains high. Day to day readiness, and the maintenance of our deterrent, still rest comfortably on the broad shoulders of tens of thousands of highly trained and motivated junior officers and NCOs who believe in their mission. And they, in turn, are supported by commanders and civilians equally committed to excellence in their profession. People make a difference; we owe them our continued support.

Second, America's future and the health of our defense establishment are still in our own hands. In shaping and responding to evolving geo-political and economic conditions, in developing new relationships with both adversaries and allies, and in shifting and re-casting our priorities at home, we must not lose sight of the fact that responsibility for America's security is ours and ours alone.

As this Committee well appreciates, national defense will continue to involve constitutional powers shared between the Legislative and Executive branches. I look forward to joining Secretary Cheney and Secretary Rice as part of the DOD and Air Force team, and I share their commitment to working with Congress in meeting the challenges and opportunities ahead.

Mr. Chairman, I appreciate your consideration of this nomination. If confirmed, I have every expectation that my tenure on this side of the witness table will be as informative and rewarding as my previous experience with this Committee.

Chairman NUNN. Thank you very much, Mike, I introduced your wife Gail, but I do not know in the confusion whether she heard her own introduction maybe. Gail, we are glad to have you, and I also introduced Mr. McCormack's wife, Mary. We are delighted to have you.

Ms. Livingstone, do you have any family members here?

Ms. LIVINGSTONE. No, sir, I do not.

Chairman NUNN. Mr. McCormack.

STATEMENT OF ROBERT C. McCORMACK, NOMINEE TO BE ASSISTANT SECRETARY OF THE NAVY FOR FINANCIAL MANAGEMENT

Mr. McCormack. Thank you, Senator. It is a pleasure to be before this committee. I do not have a prepared statement to make, but I stand ready to answer any questions that you may have.

Chairman Nunn. Thank you. Ms. Livingstone.

STATEMENT OF SUSAN M. LIVINGSTONE, NOMINEE TO BE ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS, LOGISTICS, AND ENVIRONMENT

Ms. Livingstone. Thank you, Mr. Chairman. I also do not have a prepared opening statement. I do wish to thank you and the members of this committee for so promptly holding the hearing on my behalf. I am also very deeply honored by the confidence that the President and others in Congress, including members of this committee who have supported my nomination, have shown.

I was raised in a military family, and as a result am very deeply committed to the well-being of the men and women of the armed services as well as the preparedness and readiness of this country.

If confirmed, I just wish to make clear that I pledge very strongly to work closely with this committee to continue to merit your trust and your confidence and also to serve the U.S. Army to the best of my ability.

I would also like to thank my Senator from Montana, Conrad Burns, for his very kind introduction. Thank you.

Chairman Nunn. Thank you. What service were your parents in?

Ms. Livingstone. Mr. Chairman, the Air Force.

Chairman Nunn. Do you think you can divorce that from your mind in serving the Army? [Laughter.]

Ms. Livingstone. Yes, sir, I believe I can do that.

Chairman Nunn. Thank you.

I have a few questions I would like to ask each of you. This first for you, Mr. McCormack. As Assistant Secretary of the Navy for Financial Management, will you be responsible for the oversight of special access programs.

Mr. McCormack. Yes, sir. That is a direct responsibility of the Assistant Secretary for Financial Management, and it is an area I have some familiarity with from my present position at this time.

Chairman Nunn. The next question is along that line. Are you satisfied with the oversight standards for special access programs today?

Mr. McCormack. My view of that from this perspective is I am currently serving as the Acting Deputy Under Secretary for Acquisition, and I work very closely with Gen. Keith Glenn, who has the responsibility for the OSD oversight of that, and I think he has done a superb job. I think there is more support that he can be given and that he will receive that from Mr. John Betti going forward.

I plan to continue to support that.

Chairman Nunn. You do not have any specific plans for improving the oversight now, then? You think it is doing pretty well?

Mr. McCormack. I think from the OSD perspective it is. I am not that familiar with how the Navy has run it at this point. I know that the organization is, but I do not know the specific programs. There are many Navy programs that I have not been cleared into.

Chairman Nunn. Have you had a chance to study, Mr. McCormack, the effect of sequester on the Department of Defense, particularly the Department of Navy? Have you had a chance to study that yet?

Mr. McCormack. I have had some preliminary meetings on that subject. I have not had a chance to study it, but it is my understanding that Admiral Edney is going to testify on that tomorrow.

Chairman Nunn. Do you have any comments you would like to make on it today, just your preliminary views?

Mr. McCormack. I really do not, sir. I have not had a chance to study it, and it is obviously a major issue that has gotten considerable attention.

Chairman Nunn. Mr. Donley, how about the effect on the Air Force? Have you had a chance to study the effects of the sequester?

Mr. Donley. I have had one briefing to date on the effect of the sequester on the Air Force, and I would say it clearly deserves a serious look. The base line from which a sequester might take place has not yet fully been established, as I understand it.

And, also, I think the views inside the Air Force have been tempered to date by assumptions or expectations with respect to the amount of transfer authority that would be granted to the Department of Defense. But beyond that I have not taken a close look.

I am aware that the committee is having a hearing on this particular issue and that the FM community is fully involved in the Air Force in supporting the Air Force part of that.

Chairman Nunn. Ms. Livingstone, what about the Army? Have you had a chance to study, particularly in your area in logistics, the effect of a sequester?

Ms. Livingstone. Mr. Chairman, no, I have not been briefed on the effect of a sequestration on the Army installations, logistics and environment programs. That will be an early subject once I have been confirmed that I will immediately be addressing.

I would say that when I worked at the Department of Veterans' Affairs, I lived through a sequestration prior to this one. It can be a difficult process, and so I recognize the types of decisions that we need to go into in reviewing the impact.

Chairman Nunn. Mr. McCormack, could you describe the relationship between the office you will hold if confirmed and that of the Comptroller of the Navy?

Mr. McCormack. Yes, sir. The Office of the Assistant Secretary for Financial Management is dual-hatted in functions as the Comptroller of the Department of the Navy.

Chairman Nunn. Is that different from the other services?

Mr. McCormack. I believe at this time it is not, but it has been in place longer than the other two services have had similar structure.

Chairman Nunn. How do you distinguish between the two hats? What is the difference in the jobs? You are aware you wear both of them, but what is the difference?

Mr. McCormack. I would describe the two functions as being in essence the chief financial officer of the Navy, one with budget and fiscal responsibility, and the other being the chief accounting officer, the comptroller function.

Chairman Nunn. Mr. Donley, let me ask you the same question I asked Mr. McCormack as to the responsibility for special access programs; is that under your jurisdiction in your new job?

Mr. Donley. That is correct; funding is under FM jurisdiction.

Chairman Nunn. Are you satisfied with the oversight standards as you know them now and do you have any plans to improve the special access programs?

Mr. Donley. To be honest, Senator, I do not have any direct familiarity with the Air Force programs at this point in time. And that is sort of the first order of business once I get confirmed.

Chairman Nunn. Ms. Livingstone, what do you consider from what you know now—and we do not expect you to know everything because you have not gotten in the job yet—but what do you consider to be the most serious problem in the Army logistics and support programs today? What do you think your main challenges are going to be?

Ms. Livingstone. I think the overall problem is going to be basically the readiness and sustainability of the logistical support programs. Obviously, I have not yet had an indepth briefing in this area.

However, the primary mission of the Army installations, logistics, and environment program is logistical readiness; the sustainability of that including strategic lift issues; and also our ability to mobilize quickly and get the right products to the right people at the right time when they are needed. Basically, that is going to be the biggest challenge that I will face in the logistics and support area.

There are a number of other issues areas, obviously, challenging us with resource constraints, including real property management, installation support, things of that nature as well.

Chairman Nunn. I hope you will give some attention to buying off the shelf. The Packard Commission made very strong recommendations on that. A lot of times it is subjective.

Do you have any views based upon your previous experience in the Veterans' Administration as to opportunities for greater reliance on commercially available properties or products rather than doing everything to military specifications?

Ms. Livingstone. Yes, sir. It is a problem that was faced in the Department of Veterans' Affairs as well. Clearly, there tends to be professional preference among specialties, whether it is going to be VA or Army, which result in required specifications that preclude commercial off-the-shelf acquisition.

From my experience at the Department of Veterans' Affairs it is clear to me that commercial, off-the-shelf should be the first and always method of acquisition if it meets both the quality and performance standards that are needed and also if it meets the mission requirements in this case, of course, of the Army.

Chairman Nunn. Sometimes somebody has to tell somebody else that the quality and the requirements are overdrawn. If you want to put something out for military specifications, you can always plead that case, and there has to be some real tight judgment here.

Ms. LIVINGSTONE. Yes, sir, I recognize that and, in point of fact, it was a major issue at the Department of Veterans' Affairs, as you can imagine. Doctors tend to have very strong professional preferences, and it was a matter of ongoing debate, shall we say, and also ensuring that our specifications were as open and commercially viable as possible and not giving in to what would be just preference requirements that were not distinctly essential or mission-oriented.

Chairman NUNN. Have you had a chance to look at the problems you're going to face in the environmental area of cleaning up hazardous waste and restoration programs?

Ms. LIVINGSTONE. I have not had an opportunity to be fully briefed. Clearly, this is a critical problem. I am well aware of that. There are just tremendous issues that are facing the Army.

When I was at the Department of Veterans' Affairs, I was Director of Environmental Affairs there as well. Basically we are facing problems in the Army that are of enormous magnitude both in the containment as well as cleanup and our compliance with environmental regulations.

It is going to take a tremendous amount of effort in terms of assessing what the problems are out there. I imagine the Army is like the VA in not having a comprehensive assessment of the types of problems that exist in terms of environmental cleanup. And, indeed, then assessing what kind of resources will be required to address those requirements and then making sure that environmental cleanup has a priority within the other essential mission requirements in the Army to get funded and done.

Clearly, if you can do it environmentally correct from the outset, for the future that is the best way to prevent these kinds of problems.

Chairman NUNN. General Wagner, the former Commander of the U.S. Army Materiel Command, testified before the committee this year. Quoting him, "We do not have the facilities today to even store the toxic waste we have." So, it is a big problem.

Ms. LIVINGSTONE. Yes, sir. I recognize there may be installations out there that do not have adequate storage facilities, and that is something I understand the Army is working on with the Defense Logistics Agency.

Chairman NUNN. Thank you. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Mr. Chairman, I have been privileged to be on this committee for 11 years. I guess we have had 100 plus nominees. I have never voted against one, but I am going to vote against Donley.

I wanted to announce it now. [Laughter.]

I think I had better add a little bit of credibility to my record, and stop looking like some—[laughter.]

Chairman NUNN. We have had a few better targets than Mr. Donley in here. [Laughter.]

Senator WARNER. But when Mr. Donley used to work for the Chairman, and Roger and I were freshmen around here, we were the target of Donley on many occasions. And it is time to get back. [Laughter.]

Well, Mike, I noticed that you brought in a lot of support.

If you have not seen him, Wayne Arny just walked in. A lot of the fellows are here. It is like a class reunion.

And Mr. McCormack, which of two old colleagues got you started on this trail? Was it Bob Baldwin or Pete Flanagan?

Mr. McCormack. Bob Baldwin. Bob Baldwin was all Navy.

Senator Warner. Peter and I were in the system of politics many, many years ago, and very closely aligned.

Then Bob Baldwin, he just loved the Navy, and I am always waiting for him to come back some day.

Mr. McCormack. Well, his heart is still there.

Senator Warner. But each of you bring a very distinguished record of public service to your respective positions and we wish you well. We are fortunate, as citizens, to have you offer your services, and you will have my support.

Thank you.

Mr. McCormack. Thank you, sir.

Chairman Nunn. Senator Exon.

Senator Exon. Mr. Chairman, thank you very much.

Mr. Donley, from the way the hearings have gone so far, I can only predict that the vote will be 99 to 1 in favor of your confirmation. [Laughter.]

I intend to vote for your confirmation for all the good reasons because I know the worst that you have done in the past. Besides that, it will give we Democrats an opportunity to say that there are some Republicans that are not working in cooperation with the President in moving all these nominees through. [Laughter.]

Seriously, I congratulate each and every one of you and I am impressed with your background and the talents that you bring to this position.

All of you are going to be dealing with the extreme budget crunch that is affecting all of the armed services. And I have been a little bit surprised that the Secretary of Defense, himself, has not been speaking up a little more against the sequester techniques under Gramm-Rudman, because it would hit the military very devastatingly.

I, for one, felt that the Gramm-Rudman law is very unfair because, as we all know, 75 percent of the budgets of the United States are off limits as far as sequester is concerned and that leaves the remaining 25 percent subject to drastic cuts.

And if the sequester is not shunted aside—by that I mean, if we cannot come to some meeting of the minds on reconciliation, your jobs are going to be a whole lot tougher than I think you even estimate at this particular juncture.

I have questions for you, Ms. Livingstone, regarding nuclear waste.

Is your background with regard to non-nuclear waste only?

Ms. Livingstone. Yes, it is.

Senator Exon. Do you have any experience with regard to nuclear waste as well?

Ms. Livingstone. My previous experience was all with non-nuclear waste.

Senator Exon. Non-nuclear waste.

Is there cooperation and coordination between the Army and the Department of Energy on waste management?

We are very much impressed with the job that the Admiral is trying to do in the area of disposing of all nuclear waste. The Army also faces a tremendous environmental restoration problem.

How much coordination is there between the Army and the position that you will be fulfilling in the Department of Energy in the area of waste management?

Ms. LIVINGSTONE. Senator Exon, I have not been fully briefed on the subject. It is my understanding that there is a tremendous amount of coordination between the Army and the Department of Energy. But I have not yet been over there to personally observe the nature of that, the tenor of that and the spirit of cooperation that I hope will exist in that type of coordination.

So I, again, understand there is a tremendous degree of coordination. But again, I have not been there to personally observe.

Senator EXON. See if you can help straighten me out on this proposition.

As the Assistant Secretary of the Army for Installations, Logistics, and Environment, you will not be involved in installation and logistics for either the Corps of Engineers, which is under the Army, or the Guard and Reserve activities, which is generally under the Army, is that correct?

Ms. LIVINGSTONE. It is my understanding that that is correct with regard to the Corps of Engineers. The civil works side, hydroelectric power projects, things of that nature that the Corps is involved with are defined as civil works and, therefore, separate from the type of construction activities that are under the Assistant Secretary of Army for IL&E.

Nonetheless, it is my understanding also that there is a high degree of coordination between the installations and logistics job in the Army, as well as the civil works side of the shop.

Clearly, we both have engineering interests; clearly, we will both be doing design, planning for facilities, construction, et cetera, and there is a tremendous degree of coordination with regard to the two shops.

Senator EXON. You will then be involved to, at least some extent, with the Corps of Engineers?

Ms. LIVINGSTONE. Yes, sir.

Senator EXON. I would hope that this administration, unlike any other administration in the past, would begin to rein in the Corps of Engineers, to some extent, in their many activities.

I cite particularly the continuing tendency of the Corps of Engineers to want to build every dam that they can envision. I fear that the Corps of Engineers has not been very much concerned about the environment; about the Clean Water Act; about the other acts that tend to protect the environment, and they seemingly have no concern whatsoever about endangered species.

I would just hope that somewhere, somehow, someplace, we could begin to rein in the Corps of Engineers on their independent practices. It is as if they are continuing to operate as in the 1920s and 1930s and 1940s, when it was naturally in the public interest to do many of the dams and much of the reclamation work.

Senator WARNER. Mr. Chairman, would you yield for an observation?

Chairman NUNN. Yes.

Senator WARNER. I say this in all seriousness. Our experience in Virginia is exactly the opposite. They want to take the State and return it to the Indians. They want to declare it entirely a wetland, all the way from Richmond, Virginia to below Washington. I cannot get a dam built; I cannot get a water supply system in.

So I am having exactly the opposite experience.

Senator EXON. And I think we can solve the problem by transferring some of those people in Virginia to Omaha, Nebraska, and we would be glad to send some of those in Omaha back here. [Laughter.]

Ms. LIVINGSTONE. It is my understanding we can use all the engineers we can get in the installation area.

Chairman NUNN. Ms. Livingstone, you have a clear mandate from these two Senators. You understand clearly what your job is now, right? [Laughter.]

Ms. LIVINGSTONE. Yes, sir, I do, and I will take the concerns of both Senators back with me.

Bob Page, as you may know, is Assistant Secretary of the Army for Civil Works, and he and I, I am sure, will be working very closely together. And then with the environmental "hat" that I will be wearing as part of this job, I will carry back the concerns with respect to the environment that you both have expressed.

Chairman NUNN. All you need is a bridle and a whip and you will take care of that.

Senator EXON. Are you at all familiar with the cleanup efforts or the lack of cleanup efforts that we have experienced by the Army and the Corps over the years with regard to old military installations? And I am speaking specifically of ammunition plants.

Are you specifically familiar at all with the difficulty that we experienced in trying to straighten out the situation at Grand Island, Nebraska at the former ordinance plant there? Are you familiar with that at all?

Ms. LIVINGSTONE. No, sir. I have not been briefed on that specific problem at all.

I know the Army has a massive hazardous waste cleanup problem in front of them, but I have not been briefed on the specifics of that site.

Senator EXON. They do, indeed, have a massive cleanup problem and it is their seemingly first intention to say: Well, that is not our fault.

The facts of the matter are, not by design, but because they did not know any better. The Army and the Navy, going back to World War II, had a whole series of plants across this Nation and they literally dumped toxic waste in monumental quantities in places where they should never have dumped them.

Those were the days when we thought if we put anything under the ground, that solved it.

We are now learning some 30 and 40 years later, that many of those toxic materials are leeching into our water supply. Now we are going to have to come back to the Army and the Navy, and any other responsible parties and have them "fess up" to what they did in this area, and check back in the records to see where we are. Because if they do not come forward, we are going to be saddling the communities where those facilities were located with an expense that those communities cannot possibly meet without going totally bankrupt as a Government.

So I ask you to look as kindly as you can on that as it comes along.

Ms. LIVINGSTONE. Sir, I take environmental restoration as an extremely serious issue, and I can assure you that the Army will not be wasting its time with respect to blame-saying or trying to convey that ignorance is bliss here. This will be a very critical issue for me during my tenure.

Senator EXON. Thank you.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon. Senator Lott.

Senator LOTT. Mr. Chairman, I do not have any questions.

I just want to congratulate all the nominees and certainly I will support their nominations and wish them the very best. I look forward to working with them all.

Ms. LIVINGSTONE. Thank you, sir.

Chairman NUNN. Again, I will inform each of our nominees as to what I told the first panel. All the Senators have not had as much notice as we would like to have given them about the hearing today. Some of them have conflicts.

So we will not vote on your nominations until next week, and in the meantime, there may be questions that people will pose to you and I would ask you to cooperate with our staff in getting those back as soon as possible.

The Senators may want to have a personal talk with you, too. So if you could, make yourself available.

We hope to complete action on your nominations early next week. Senator Dixon has a prepared statement that he wishes to have included in the record.

[The prepared statement by Senator Dixon follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, today we have before the committee seven nominations submitted by the administration for positions in the Department of Defense and the military services.

Two excellent nominees are from my own State, Mr. Robert C. McCormack and Ms. Ann C. Petersen. Bob McCormack has served for the last few years as Deputy Under Secretary for Industrial and International Relations. Bob and his staff have worked closely with me and other members of this committee on Defense Industrial Base Problems and Offsets. Although we have not always agreed on the solution to these problems, we have kept an open line of communication. I think the administration decision to retain Bob is an excellent one and I am sure he will do an outstanding job in his new position as Assistant Secretary of the Navy for Financial Management.

Ms. Ann C. Petersen has been nominated for the position of General Counsel for the Air Force. She is an attorney from Chicago, and I will be introducing her to the committee very shortly.

Thank you, Mr. Chairman.

Chairman NUNN. I thank all of you for being here.

Ms. LIVINGSTONE. Thank you, Mr. Chairman.

[Whereupon, the hearing adjourned at 3:25 p.m.]

[Prepared questions submitted to Robert C. McCormack by Senator Nunn prior to the hearing with answers supplied follow:]

THE UNDER SECRETARY OF DEFENSE,
Washington, DC, November 6, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Attached are the answers to your questions concerning my confirmation hearing as Assistant Secretary of the Navy for Financial Management.

Sincerely,

ROBERT C. MCCORMACK.

FUNCTIONS OF ASSISTANT SECRETARY FOR FINANCIAL MANAGEMENT

Question (1). Should you be confirmed as the Assistant Secretary of the Navy for Financial Management, what will be your principal responsibilities to the Secretary of the Navy?

Answer. As I understand them, my principal responsibilities to the Secretary of the Navy entail the same functions as specified for the DOD Comptroller, principally ensuring the existence of a sound financial management system, particularly in regard to the budgeting and accounting processes of the Department.

IMPLEMENTATION OF GOLDWATER-NICHOLS REFORMS

Question (2). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Packard Commission recommendations.

a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

Answer. I am fully committed to complete and effective implementation of Goldwater-Nichols and the Packard Commission recommendations.

b. From the financial manager's perspective, what are the central issues in implementation of the Goldwater-Nichols Department of Defense Reorganization Act and the Packard Commission recommendations?

Answer. From a financial manager's perspective, I believe an essential issue in implementation of Goldwater-Nichols and Packard Commission recommendations is to achieve the resource economies and efficiencies embodied in these reforms so that we may obtain the most defense for the resources that the county is willing to allocate for this function.

MANAGEMENT PRIORITIES

Question (3). If you are confirmed, what will be your top priorities as the Assistant Secretary of the Navy for Financial Management in terms of substantive problems facing the Department of the Navy in the areas for which you are responsible?

Answer. Clearly, the greatest challenge that faces the Department is performing the critical and essential national security mission with a significantly lower level of resources than that anticipated as recently as two years ago. Clearly, force and program rationalization will, and should, produce most of the answers to that dilemma. However, a more aggressive and thorough financial management control and resource allocation process can provide the top decision makers with the tools necessary to most efficiently make these critical decisions. I believe we must improve our financial management and management information systems so that managers get good, accurate and timely information. We must more effectively utilize the technological improvements in the industry and the private sector capabilities which are available for hire to achieve these improvements. I firmly believe that we should not develop in-house capabilities which are more efficiently and economically acquired from the private sector. I believe we must more aggressively pursue fuller utilization of resource levels appropriated by the Congress. While I recognize that there are many valid reasons for the growth we have experienced over the last several years in unobligated and unexpended balances, the numbers are so large that even a small reduction of these potentially fallow funds could result in our being able to finance much desired programs. Finally, I believe there needs to be a closer link in our pay and personnel systems. I think we can build on the experience to date of the Marine Corps in designing its military pay system to ensure that we produce more effective record keeping and information systems for both military and civilian pay. I believe that our financial management community has some of the most innovative people in the federal sector. I plan to challenge their innovation and initiative to produce results for the Department, not just in narrow financially oriented issues, but rather across the broad spectrum of issues which face the Department into which they may have gained insight as a result of the resource issues with which they have had to grapple.

DEFENSE MANAGEMENT REVIEW

Question (4). What do you believe the impact of the Defense Management Review (NSR-11) will be on your responsibilities?

Answer. I believe that the Defense Management Review will compel us to seek improvements and efficiencies in our management processes, as I previously described, in order to preserve the level of defense capability that we have recently achieved.

ROLE IN DEFENSE DEPARTMENT BUDGET PROCESS

Question (5). What will the role of the Assistant Secretary of the Navy for Financial Management be in the preparation of the Navy Program Objective Memorandum, budget submission and Five Year Defense Program?

How would you assess the current capability of the Navy to make rational and strategically sound adjustments to its Five Year Defense Program in response to changes in the Defense Guidance or to Congressional adjustments to the President's defense request?

Answer. As well as being directly responsible for preparation of the Department's budget submission and Five-Year Defense Plan, I see my role as advising the Secretary of the Navy in order to maximize the ability of the Department to meet its responsibilities with regard to national security and to execute the Administration's plan for providing an adequate defense in the face of fiscal constraints.

In my dealings with the Navy; I have been most impressed with the capability of that Department and the dedication of the people. I would have the utmost confidence in their ability to develop sound strategic alternatives in the face of any changes.

RELATIONSHIP WITH OTHER BUDGET OFFICIALS

Question (6). Will you be dual-hatted as the Comptroller of the Navy? If not, please describe the relationship that will exist between the Assistant Secretary of the Navy for Financial Management and the Comptroller of the Navy. In addition, please describe your understanding of the relationship between the Assistant Secretary of the Navy for Financial Management and the Comptroller of the Department of Defense.

Answer. Yes, I will be. The Comptroller of the Department of Defense and I are colleagues and, as the chief financial officers of our respective departments, will work together to ensure that the Department of Defense, as a whole, and the Department of the Navy, specifically, possess and utilize the most effective financial management systems in arriving at prudent resource allocation decisions to support our national security apparatus.

MANAGEMENT OF AUTOMATIC DATA PROCESSING PROGRAMS

Question (7). The General Accounting Office has issued a number of reports recently citing delays and cost overruns in automatic data processing programs throughout the Department of Defense. As Assistant Secretary for Financial Management, will you be responsible for the oversight of these programs within the Navy?

Answer. As I understand the ongoing reorganization process, I will no longer serve in the same management capacity in this area as my predecessor. The acquisition role is being consolidated outside of my office. As a user, I will establish necessary requirements policies for financial management systems. Until I am given an opportunity for full briefings on the programs and their status, I am not in a position to address improvements.

EFFECTS OF PRODUCTION RATE STRETCHOUTS

Question (8). Does the Assistant Secretary of the Navy for Financial Management have the capability to provide the Secretary of the Navy with all the information necessary to make a comprehensive evaluation of the long term costs and benefits of stretching out the production rates of ongoing procurement programs?

Answer. The structure and organizational placement of my office are deliberately aimed at achieving the staff capability to provide that independent service to the Secretary of the Navy.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

Question (9). The Assistant Secretary of the Navy for Financial Management has a major responsibility for the Navy's compliance with the Federal Managers' Financial Integrity Act of 1982. How would you assess the Navy's compliance with this act? What steps, if any, do you believe need to be taken to improve the quality of financial management in the Navy?

Answer. From what I understand, under the leadership of my predecessor, the Navy has very aggressively pursued implementation of the Federal Managers' Financial Integrity Act, including the development of a Five-Year Financial Management Master Plan addressing needed improvements. My overall impression is that financial management in the Navy is held in high esteem. I am sure, however, as with all things, we can identify areas for additional improvement. As I said earlier, I believe one of my principal challenges is to develop and use sound financial management principles to maximize the taxpayers return on defense investment.

BIENNIAL BUDGETING

Question (10). Do you support a 2-year budget for the Department of Defense?

Answer. I believe that any process which holds the promise of topline and program stabilization deserves our support. Unfortunately, the deficit and other pressures which face the President have made achieving that stability difficult. Similarly, I believe that the Congress has exhibited great difficulty in aggressively pursuing what all of us would agree is a philosophically sound proposition.

PERSONAL PERSPECTIVE

Question (11). Can you describe for the committee the perspective, outlook and personal qualifications that you would bring to the job of Assistant Secretary of the Navy for Financial Management if confirmed?

Answer. I bring a unique perspective and outlook to the ASN(FM) based on a background of Navy service, private industry, and senior government service. Following 4 years as a Naval officer, I have had extensive financial management experience for 19 years as an investment banker. In addition, I returned to government service in 1987 serving in positions of increasing responsibility: Deputy Assistant Secretary of Defense (Production Support); Deputy Under Secretary of Defense (Industrial and International Programs); and now as Acting Principal Deputy to the Under Secretary of Defense (Acquisition). These positions have given me a thorough understanding of the workings of the Pentagon and budget issues facing us in the months ahead. I believe that the Financial Management role is the key integrator between Service requirements and an achievable, balanced fiscal program in the 1990s.

[The nomination reference of Robert C. McCormack follows:]

NOMINATION REFERENCE

As in Executive Session,
Senate of the United States,
October 11, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Robert C. McCormack, of Illinois, to be an Assistant Secretary of the Navy, vice Robert H. Conn, resigned.

[The biographical sketch of Robert C. McCormack, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Robert C. McCormack

Oct. 1, 1988: Deputy Under Secretary of Defense (Industrial and International Programs). This office reports to the Under Secretary of Defense for Acquisition and is responsible for centralizing the management of defense industrial base issues and US efforts in international armaments cooperation programs.

July 1987 to Oct. 1988: Deputy Assistant Secretary of Defense (Production Support). The office reported to the Assistant Secretary of Defense (Production and Logistics). The office is responsible for policy development in the areas of industrial preparedness and mobilization, productivity, quality, standardization, and data management.

1968 to 1987: Career in Corporate Finance.

Morgan Stanley & Co., Incorporated 1981 to 1987. Managing Director of one of the country's leading investment banking firms providing financial advisory services to industrial, financial, and municipal entities.

Dillon, Read & Co., Inc. 1968 to 1981. Served as Associate, Vice President, and Senior Vice President specializing in corporate finance and municipal finance. In 1977 opened the firm's Chicago office and was responsible for the corporate finance activities in the Midwest.

Education: 1962—University of North Carolina, A.B. Economics; 1968—Graduate School of Business, University of Chicago, Masters of Business Administration.

Military Experience: 1962 to 1966 served as officer US Navy. Received spot promotion to Lieutenant after two years of service.

Directorships (Prior to Government Service): Director, Illinois Tool Works, Inc. (NYSE listed company); Trustee, Glenwood School for Boys, Glenwood, Illinois; Trustee, Illinois Institute of Technology; Trustee, Lake Forest Hospital (Illinois).

Public Service Activities: Member, Eagles, Republican National Committee; 1986, Finance Chairman for George R. Ranney, Jr., candidate (primary) for US Senate; 1982, Finance Chairman for John P. Dailey, Republican candidate for Illinois State Treasurer; 1982/1985, Finance Committee for David Barkhausen, Illinois State Senator.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Robert C. McCormack in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Robert C. McCormack.

2. **Position to which nominated:**
Assistant Secretary of the Navy (Financial Management).

3. **Date of nomination:**

October 11, 1989.

4. **Address:** (List current place of residence and office address.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

New York City, NY; November 7, 1939.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married; Mary L. Lester.

7. **Names and ages of children:**

Robert C. McCormack, Jr. (22 years); Walter B.S. McCormack (20 years); William Scott McCormack (18 years in August).

8. **Education:** List secondary and higher education institutions, dates attended, degree received, and date degree granted.

(1) Graduate School of Business, University of Chicago; attended June 1966–March 1968; received Masters of Business Administration 4/1/68.

(2) University of North Carolina; attended September 1958–June 1962; received Bachelor of Arts in June 1962.

(3) Hotchkiss School, Lakeville, CT; attended 1953–1958; High School Diploma in June 1958.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

October 1988 to date: Deputy Under Secretary of Defense (Industrial and International Programs), U.S. Department of Defense, Pentagon, Washington, DC.

July 1987 to October 1988: Deputy Assistant Secretary of Defense (Production Support), U.S. Department of Defense, Pentagon, Washington, DC.

July 1981 to July 1987: Managing Director (1985–87), Principal (1984–85), Vice President (1981–83), Morgan Stanley & Co., Inc., 440 South LaSalle Street, Chicago, IL; Investment banking business with specialization in corporate finance.

July 1977–July 1981: Senior Vice President, Dillon, Read & Co., Inc., 233 South Wacker Drive, Chicago, IL, Investment banking business with specialization in corporate finance.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

(1) I am currently on an unpaid leave of absence from Morgan Stanley. I perform no services for Morgan Stanley. From 1/1/87 to 8/1/87 I was an Advisory Director and prior to that I was a Managing Director of the firm.

(2) Trustee, George M. Pullman, Education Foundation, Chicago, IL. Currently, I am an inactive Trustee.

(3) Trusts—see family trusts listed Part F, question 1.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.

Member, the Chicago Council of Foreign Relations.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

(1) Member, Lake County Republican Federation, Lake County, IL.

(2) Member, Republican Party.

(3) 1986, Finance Chairman for George R. Ranney, Jr., Candidate (Primary) for US Senate from Illinois.

(4) 1982, Finance Chairman for John P. Dailey, Republican Candidate for Illinois State Treasurer.

(5) 1982, Finance Committee for David Barkhauser, Illinois State Senator.

(6) 1980/1984, Reagan-Bush Illinois Finance Committee.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

(1) 1988—$10,000 Republican National Committee; $5,000 Victor 88 for Illinois; $300 Lynn Martin for Congress, $1,000 Senator John Chafee.

(2) 1987—$2,500 Cook County Republican Party; 1988 $500 Lake County Republican Federation.

(3) 1986—$1,000 George R. Ranney, Jr. for U.S. Senate.

(4) 1984—$1,000 Reagan-Bush.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievements.

(1) Vietnam Service Medal, 1965.

(2) Department of Defense Medal for Distinguished Public Service, January 1989.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Contained in committee files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe that I was recommended to Secretary Cheney and to the Secretary of the Navy by a number of persons from industry and a number of government officials that have dealt with me during my 2 years in the Department of Defense.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe that my private industry experience and my government experience qualifies me to be the Assistant Secretary of the Navy for Financial Management. Prior to joining the Department of Defense in July 1987, I had over 19 years experience in the investment banking industry with Dillon Read and subsequently Morgan Stanley. During this career I worked on a wide range of financial problems that covered both public finance issues and corporate finance problems.

My experience as the Deputy Assistant Secretary of Defense for Production Support (7/7/87-10/1/88) and Deputy Under Secretary of Defense for Industrial and International Programs (10/1/88 to present) has given me an excellent background in Defense matters and when coupled with my financial background will give me an excellent base for my prospective position with the Navy.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Robert C. McCormack.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with our present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

ROBERT C. MCCORMACK.

This 26th day of October, 1989.

[The nomination of Robert C. McCormack was reported to the Senate by Senator Sam Nunn on November 17, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 19, 1989.]

[Prepared questions submitted to Michael B. Donley by Senator Nunn prior to the hearing with answers supplied follow:]

NOVEMBER 6, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of October 11, 1989 and the opportunity to share my views on a number of important defense policy and management issues. Answers to specific questions are provided at the enclosure.

I look forward to appearing before you and the Committee on Armed Services in the near future. If I can be of any further assistance, please do not hesitate to contact me directly.

Sincerely,

MICHAEL B. DONLEY.

Enclosure.

FUNCTIONS OF ASSISTANT SECRETARY FOR FINANCIAL MANAGEMENT

Question (1). Should you be confirmed as the Assistant Secretary of the Air Force for Financial Management, what will be your principal responsibilities to the Secretary of the Air Force?

Answer. Should I be confirmed, my principal responsibilities to the Secretary of the Air Force would be to advise and assist the Secretary on all financial management functions, activities and operations concerning the Air Force. We are entering a particularly challenging period for national defense which features the imperative of deficit reduction, potential new roles for the Development of Defense (e.g., anti-drug efforts), and a rapidly changing international environment which holds both opportunities and increased risk for the United States. Within this environment, financial management and fiscal control is all the more important to ensure we spend every Air Force dollar wisely.

As Secretary Rice's Chief Financial Officer, I would be responsible for providing the financial management and analytical services necessary for the effective and efficient use and management of the Air Force's resources within the framework and direction set by the Secretary. I would advise and assist the Secretary concerning all financial management affairs, and provide direction, guidance and supervision over all matters pertaining to the formulation, review and execution of plans, policies, programs and systems relative to budgeting, costing, accounting and finance, security assistance, and financial management activities within the Air Force.

IMPLEMENTATION OF GOLDWATER-NICHOLS REFORMS

Question (2). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

b. From the financial manager's perspective, what are the central issues in implementation of the Goldwater-Nichols Department of Defense Reorganization Act and the Packard Commission recommendations?

Answer. Having been personally involved in both efforts, first as a member of this Committee's staff, and later on the NSC staff, I remain fully committed to the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Packard Commission recommendations. The central issues in implementation of Goldwater-Nichols and Packard reforms are threefold:

The first involves streamlined management and civilian control. Goldwater-Nichols and follow-on legislation requires that each Secretary of a military department has sole responsibility for the comptroller (including financial management) function, and that this function be performed by a single office under the control of an Assistant Secretary appointed from civilian life. The Secretary has implemented the law, and subordinate organizational and functional relationships are being refined.

The second involves the financial management role in the improved budget process at the national level envisioned by the Packard Commission. This includes the financial management role in encouraging greater stability in toplines and realistic out-year estimates, preparation of biennial budgets, and greater attention to evaluation and budget execution. Financial management support for Packard Commission reforms would also extend to realignment of the budget structure, documentation, reprogramming thresholds and the like, should Congress implement the Commission's recommendations for reform of the Congressional budget process.

And, third, the financial management community has a supporting role in acquisition reforms outlined by the Packard Commission. The financial management community has the cost estimating function which provides the Secretary an independent view in support of the acquisition process. With closer coordination between program guidance provided by the acquisition community and budget guidance from financial management channels, we may also contribute to streamlining in program management and oversight. In addition, greater coordination with DOD and defense contractors in auditing would contribute toward fulfillment of Packard Commission recommendations in the area of government-industry relations.

MANAGEMENT PRIORITIES

Question (3). If you are confirmed, what will be your top priorities as the Assistant Secretary of the Air Force for Financial Management in terms of substantive problems facing the Department of the Air Force in the areas for which you are responsible?

Answer. In organizing this office, the Secretary merged civilian and military staffs which had not worked together directly for several months, and consolidated budget and financial activities from all corners of the Air Force. If confirmed, my first priority will be to complete the refinement of these structural changes and turn the talents of the new FM organization toward effective support for the Secretary's agenda for the Air Force in an era of extreme fiscal constraints.

Second, the Secretary has directed a financial management review in parallel with the on-going Defense Management Review. Among the areas I propose to look into, should I be confirmed, are the biennial budget system, decision support for the Secretary, organizational and process changes in coordination with the acquisition community, support to the headquarters' staff, and field support. We will also review other potential areas for consolidation of financial management activities, and explore opportunities presented by current telecommunications and computer technology which could potentially provide more efficient support to the FM community.

I expect this review to yield a multiple of financial management improvements and cost benefits. As a result, this review, and the implementation of its results, will be among my top initial priorities.

DEFENSE MANAGEMENT REVIEW

Question (4). What do you believe the impact of the Defense Management Review (NSR-11) will be on your responsibilities?

Answer. I believe the DMR will have a tremendous impact upon my responsibilities, should I be confirmed. The DMR identifies four broad areas for change: personnel and organization; defense planning; acquisition practices and procedures; and government-industry accountability. It further sets the parameters for defense management that: ensures the continued strength and readiness of the armed forces; helps us acquire needed new weapon systems at less cost, in less time and with greater assurance of promised performance; encourages industry and government alike to meet the highest standards of integrity and performance; and promotes greater public confidence in our stewardship of defense resources.

With the consolidation of financial management in the Air Force, each of these broad areas and parameters will have an effect upon my responsibilities. Each DMR initiative implemented will require Financial Management input or oversight in cost estimating, planning, programming, budgeting, and execution.

ROLE IN DEFENSE DEPARTMENT BUDGET PROCESS

Question (5). What will the role of the Assistant Secretary of the Air Force for Financial Management be in the preparation of the Air Force Program Objective Memorandum (POM), budget submission and Five-Year Defense Program?

How would you assess the current capability of the Air Force to make rational and strategically sound adjustments to its Five-Year Defense Program in response to changes in the Defense guidance or to Congressional adjustments to the President's defense request?

Answer. The Assistant Secretary is a key player in relation to the most current years of the Six-Year Defense Plan (SYDP), i.e. the present fiscal year and the proposed budget year. In this capacity, I would have my deputies ensure the Air Force program, developed in the POM, is based upon sound cost estimates, is correctly priced, and is distributed in the correct appropriation and account structure. I must also ensure that alternatives and options within the POM are thoroughly articulated for the Secretary's review and decision. Later, as the Office of the Secretary of Defense, the Office of Management and Budget, and the Congress review and change the Air Force program and budget request, I will ensure they have the information and justification materials they need to do their jobs. As they make decisions, I will ensure those decisions are accurately reflected in changes to our program.

Throughout the programming and budgeting process, I will act as the senior financial advisor to the Secretary of the Air Force to keep him informed as to the realities of the fiscal constraints under which he must operate and advise him as to the affordability of Air Force programs as they are developed. In short, I consider it a personal responsibility to make sure the Air Force budget request reflects a careful balancing of national security priorities and fiscal realities.

To enhance the Air Force's ability to respond to changes in the Defense Planning Guidance (DPG), funding statutes, and other adjustments to the SYDP, the Secretary has just recently restructured the corporate board structure of the Air Force to include the Assistant Secretaries and their staffs. The board structure is capable of developing rapid, but rational, responses to any changes which affect our program and budget request.

My initial assessment is that this structure is sound, but that it may be more effective in supporting planning and programming phases to PPBS than in supporting the budget phase when external congressional action on the current budget year and internal pressure to complete the next budget submission combine to frustrate formal decision-making processes.

RELATIONSHIP WITH OTHER BUDGET OFFICIALS

Question (6). Does the Air Force plan to retain the position of Comptroller of the Air Force? If so, please describe your understanding of both the formal and informal relationships between the Assistant Secretary of the Air Force for Financial Management and the Comptroller of the Air Force. In addition, please describe your understanding of the relationship between the Assistant Secretary of the Air Force for Financial Management and the Comptroller of the Department of Defense.

Answer. The Air Force no longer has a separate position of Comptroller of the Air Force. Should I be confirmed, my title will be Assistant Secretary of the Air Force for Financial Management and Comptroller of the Air Force. I will have two Principal Deputy Assistant Secretaries, one for Financial Management and the other for Resource Management, to assist me in fulfilling my duties.

The Secretary of Defense frequently uses the Comptroller to convey guidance to the Military Departments concerning the process, schedule, and parameters of major decisions he will consider. Particularly in the areas of budgeting and broad program execution, it will be my responsibility to coordinate staff activities in support of the Secretary of the Air Force to ensure responsive, accurate, and timely analyses—along with supporting cost and fiscal data—are conveyed to the Comptroller for review by the Secretary or Deputy Secretary of Defense. It would be my intention to establish a relationship with the Comptroller of the Department of Defense that is based on mutual trust, openness and support.

MANAGEMENT OF AUTOMATIC DATA PROCESSING PROGRAMS

Question (7). The General Accounting Office has issued a number of reports recently citing delays and cost overruns in automatic data processing programs throughout the Department of Defense. As Assistant Secretary for Financial Management, will you be responsible for the oversight of these programs within the Air Force? What improvements in the management of these programs do you believe are necessary?

Answer. The responsibility for automatic data processing program acquisition in the Air Force is assigned to the Assistant Secretary for Acquisition. While not being directly responsible, I nonetheless will be particularly sensitive to these programs from several standpoints. As Assistant Secretary for Financial Management I would participate in the corporate management review and approval process by being an active member of the USAF Communications-Computer Systems Requirements Board (CSRB), the Major Automated Information Systems Review Council (MAISRC), the Air Force System Acquisition Review Council (AFSARC), and other high-level acquisition review bodies.

In addition, under Title 10 USC, Section 8022, the Assistant Secretary for Financial Management has the responsibility for the approval, development and implementation of all Air Force automated information systems (AIS) which facilitate or enhance the financial management of the Air Force. Oversight of these systems is accomplished through program management directives, functional descriptions, and the program milestone review body. I will take a hard look at Air Force automated financial management systems, including base level accounting and the civilian, military and retired pay systems, to ensure proper internal controls and conformance to accounting standards. I will also search out opportunities for life cycle cost savings through improved efficiencies in systems operations.

The structure for the proper management of AIS programs in the Air Force appears to be in place. Building and implementing these complex systems are not easy. There are many variables which are difficult to foresee. The key to improved management of AIS programs is to insure requirements are sound and baselined, to hold the program manager responsible for his estimates, to have substantive milestone reviews, and to maintain top management involvement.

EFFECTS OF PRODUCTION RATE STRETCHOUTS

Question (8). Does the Assistant Secretary of the Air Force for Financial Management have the capability to provide the Secretary of the Air Force with all the information necessary to make a comprehensive evaluation of the long term costs and benefits of stretching out the production rates of ongoing procurement programs?

Answer. Yes, the Office of the Assistant Secretary of the Air Force for Financial Management and Comptroller, has a dedicated staff of cost and economic analysts with experience in major systems acquisition and defense industrial financial analysis. This capability includes the latest industry and government studies in addition to automated techniques used in analyzing acquisition programs. Combined with the expertise of the acquisition community I am confident we can adequately assess the long term costs and benefits of programmatic changes, provide cogent and complete decision-making information to the Secretary of the Air Force.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

Question (9). The Assistant Secretary of the Air Force for Financial Management has a major responsibility for the Air Force's compliance with the Federal Managers' Financial Integrity Act of 1982. How would you assess the Air Force's compliance with this act? What steps, if any, do you believe need to be taken to improve the quality of financial management in the Air Force?

Answer. The Air Force has an active internal control program and is in compliance with the Financial Managers' Financial Integrity Act (FMFIA). The Air Force Audit Agency has affirmed the program in its most recent audit report "Evaluation of the Air Force Internal Management Control Evaluation Program" Fiscal Year 1988 issued May 1, 1989. Since enactment of the FMFIA, the Air Force has reported 53 material weaknesses through fiscal year 1989 of which 44 have been corrected. The remainder are current and on track with corrective actions.

I am personally committed to the aims of the FMFIA as it manifests the integrity of public officials at all levels. While the Air Force program is certainly active, I plan to reemphasize the program among all managers and carry implementation to the lowest practicable level in the field. I intend to strengthen procedures to promote a more efficient, effective administration and provide uniform, comprehensive training to make the program more of an integral part of Air Force mission objectives.

BIENNIAL BUDGETING

Question (10). Do you support a 2-year budget for the Department of Defense?

Answer. Yes. If implemented by Congress, biennial budgeting would reduce fiscal year funding swings. These swings result from the increase and decrease to funding which often occur between fiscal years with annual appropriations. Program managers make short term decisions created by short term uncertainties. In some circumstances, short term uncertainties cause instability, which can translate to inefficiency. A biennial budget process will enhance program and resource stability and result in economical program execution.

Biennial budgeting will also provide time for policy planning and oversight. It will allow the improved use of economic order quantities and at an earlier stage in the contract period. It facilitates the use of multiyear procurement and attracts additional competition for defense programs. Finally, the excessive time spent on the budget process will be reduced.

I must stress, though, congressional support is vital. To achieve the true benefits of biennial budgeting there must be both biennial authorization and appropriation. A biennial budget process within the Pentagon alone will foster little credibility and achieve few of its goals without congressional enactment of authorizations and appropriations on the same cycle.

PERSONAL PERSPECTIVE

Question (11). Can you describe for the committee the perspective, outlook and personal qualifications that you would bring to the job of Assistant Secretary of the Air Force for Financial Management if confirmed?

Answer. If confirmed, I will bring to the job of Assistant Secretary of the Air Force, Financial Management and Comptroller the:

Clear understanding of the Department's role in National Security.

Understanding of national military command system.

Knowledge of the defense policy and resource process at the national level.

Understanding of Congress and the ability to work with Members, Committees and their staffs.

Appreciation of the importance of working with OSD and the other services in finding solutions to common problems.

[The nomination reference of Michael B. Donley follows:]

NOMINATION REFERENCE

As in Executive Session,
Senate of the United States,
October 6, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Michael Bruce Donley, of Virginia, to be an Assistant Secretary of the Air Force. (New Position).

[The biographical sketch of Michael B. Donley, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Michael B. Donley

Mr. Donley was appointed Deputy Executive Secretary of the National Security Council and Senior Director of the White House Situation Support Staff by Colin Powell in January 1988.

He is responsible for coordinating current intelligence support to the Assistant to the President for National Security Affairs and the NSC Staff, and coordinating interagency procedures for crisis management. He supervises the White House Situation Room, NSC computer systems, and emergency planning, managing a staff of 52 military and civilian personnel and a budget of $7 million.

As a Director of Defense Programs at the NSC from 1984 to 1987, Mr. Donley was the primary staff officer for review of the defense budget and served as NSC Observer to the Defense Resources Board. His responsibilities included general defense policy planning and management, the President's meetings with the Joint Chiefs of Staff, and the Unified and Specified Command System. He was an NSC staff liaison to the President's Blue Ribbon Commission on Defense Management (the Packard Commission), and authored presidential directives concerning defense reorganization and national security strategy.

From 1981 to 1984, Mr. Donley was a Professional Staff Member of the Senate Committee on Armed Services, under Chairman John Tower. His oversight responsibilities included overall defense budget analysis, readiness issues, DOD's Operation and Maintenance budget, procurement of munitions, and other matters related to the Preparedness Subcommittee.

Before joining the Armed Services Committee, Mr. Donley served as a Legislative Assistant to Senator Roger Jepsen, for whom he staffed the major Senate debates of 1979-80, including increases in defense spending, Selective Service Registration, and the SALT II agreements.

In 1978 he was selected to be the first Editor of the National Security Record, a monthly publication of The Heritage Foundation.

Mr. Donley served in the U.S. Army from 1972-75 and was assigned to the XVIIIth Airborne Corps and the 5th Special Forces Group. He is a graduate of the U.S. Army's Intelligence and Parachute schools, and the Defense Language Institute. He received both B.A. and M.A. degrees in International Relations from the University of Southern California, and has attended the program for Senior Executives in National Security at Harvard University.

Mr. Donley was born at Hamilton Air Force Base, California, October 4, 1952. He married the former Gail Ellestad of Palos Verdes, California, in 1974. They have three daughters. The Donleys reside in Springfield, Virginia.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Michael B. Donley in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Michael Bruce Donley.

2. **Position to which nominated:**

Assistant Secretary of the Air Force (Financial Management).

3. **Date of nomination:**

October 6, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

October 4, 1952, Hamilton AFB, CA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married, wife: Gail L. (Ellestad) Donley.

7. **Names and ages of children:**

Katherine Marie Donley, 9; Cameron Rice Donley, 7; Jacqueline Suzanne Donley, 6.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

South High School, Torrance, CA, diploma, 1970.

El Camino College, Gardena, CA, 1970-1972.

University of Southern California, Los Angeles, CA, B.A. 1977, M.A. 1978.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Deputy Executive Secretary, NSC and Senior Director, White House Situation Support Staff, January 1988-present.

Director, Defense Programs, National Security Council, 1984-88.

Professional staff member, Committee on Armed Services, U.S. Senate, 1981-84.

Legislative Assistant, Senator Roger Jepsen, U.S. Senate, 1979-81.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Membership:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

None.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

None.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Prior experience in similar positions.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Working knowledge of the PPB System; Congressional experience with both broad and narrow responsibilities; Executive branch experience reviewing defense programming and budgeting at the OSD and White House level.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Michael B. Donley.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully described such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

MICHAEL B. DONLEY.

This 5th day of October, 1989.

[The nomination of Michael B. Donley was reported to the Senate by Senator Sam Nunn on November 16, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

[Prepared questions submitted to Susan Morrisey Livingstone by Senator Nunn prior to the hearing with answers supplied follow:]

NOVEMBER 7, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This is in response to your questions transmitted on November 6, 1989, in connection with the President's nomination of me for the position of Assistant Secretary of the Army (Installations, Logistics and Environment). Your questions and my responses are attached.

I look forward to appearing before your committee, and I appreciate your timely consideration of the nomination.

Yours sincerely,

SUSAN MORRISEY LIVINGSTONE.

RESPONSIBILITIES TO THE SECRETARY OF THE ARMY

Question (1). Should you be confirmed as Assistant Secretary of the Army for Installations, Logistics and Environment, what would you view as your principal responsibilities to the Secretary of the Army?

Answer. If confirmed as an Assistant Secretary, I would be responsible for Army-wide policy development, promulgation and oversight of logistics, installations facilities, environment, safety and occupational health, commercial activities, chemical demilitarization, and Director of Military Support activities.

I view my overall role as assisting the Secretary of the Army to the fullest extent possible in meeting his responsibilities to successfully execute the Army mission.

DEFENSE REFORMS

Question (2). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the amendments to the Act relating to special operations forces, and the recommendations of the Packard Commission.

Are you fully committed to the complete and effective implementation of the Act as amended and the recommendations of the Packard Commission?

Answer. I am committed to the full implementation of the Goldwater-Nichols Reorganization Act and the Packard Commission recommendations. I understand that the Army has made significant progress in the implementation of the Act and the Commission's recommendations and I assure you that future efforts will receive my unqualified support.

Question. What are the specific responsibilities of the Office of the Assistant Secretary of the Army for Installations and Logistics for implementing the Act as amended and the recommendations of the Packard Commission?

Answer. While I have not been fully briefed as of yet on all the on-going initiatives within the Installation and Logistics areas, I understand that I will be responsible for ensuring that use of "off-the-shelf" or commercially available products and services receives greater consideration and that in-house capabilities are developed only when commercially available products and services are clearly inadequate to meet our military requirements. In addition, I will be responsible for ensuring that contracts for installation services provided to the Army are competed openly to take further advantage of potential cost savings.

DEFENSE MANAGEMENT REVIEW

Question (3). What role do you expect the Assistant Secretary of the Army for Installations, Logistics and Environment to play in implementing the recommendations of the Defense Management Review?

Answer. Implementation of Secretary Cheney's Defense Management Report is underway. Although many specific initiatives have been put forth by the Army, as well as the other services, their final form remains uncertain. Philosophically, I view the Defense Management Report effort as one intended to enhance our sense of management direction over programs which can be operated in more effective and efficient ways. Army installations are critical to maintaining a sound defense posture; however, they must be managed prudently. A strong commitment is needed to foster professionalism among those military and civilian leaders within the Army who are engaged in managing our many installations. A climate of excellence has and must continue to be maintained, while ensuring that available resources for operating our installations are used wisely. Once finalized by Secretary Cheney, the DMR initiatives within the I.L&E area clearly will become implementation priorities for me.

Question (4). Secretary Cheney's *Defense Management Report to the President* called for ". . . an overall improvement in the efficiency of DOD's acquisition management, logistics, distribution and related maintenance activities" and "a reduction of at least 15 percent in the annual cost to DOD of such related functions by not later than fiscal year 1993."

What steps do you expect to take to meet these goals?

Answer. Being new to DOD and the Army Installations, Logistics and Environment business, it would be premature for me to provide specific details on how I intend to help the Army meet these goals.

As I stated in my response to your previous question, it is my belief that the key to efficiency in any organization is sound managements at all levels. The first step that I intend to take if confirmed, is one of fully educating myself on the many aspects which my new responsibilities will entail.

I feel very strongly that important environmental considerations with which we are all, as a nation, quite concerned must be given new emphasis.

The Army has been quite active in developing input to the Defense Management Report process and it will be incumbent upon me to put into place the necessary mechanism for its implementation.

Question (5). Both the Packard Commission and the *Defense Management Report to the President* called for substantially greater reliance on commercially-available products.

Based on your experience in the Veterans' Administration, what opportunities do you see for greater reliance on commercially-available products throughout the Army, and what steps do you intend to take in this area?

Answer. The Veterans' Administration relies very heavily on commercially available products to satisfy its many requirements. Experience has shown that using these products can bring about increased competition while, at the same time, reducing procurement lead times and research and development costs considerably. While recognizing certain military unique requirements, I strongly believe at the same time, that we should seek every opportunity to avail ourselves of existing products and technology and attempt to standardize common items used among all of the services where it makes sense to do so. Private sector innovation has brought us to where we are today, therefore, it follows that we in the Defense Department should make use of it in the products and services we buy, whenever we can.

LOGISTICS PROGRAMS

Question (6). The Armed Services Committee has been concerned over the funding shortfalls across a broad range of Army logistics and support programs—depot maintenance, supply activities and real property maintenance, for example.

What do you consider to be the most serious problems in the Army's logistics and support programs today, and how do you intend to address these problems?

Answer. Although I have not yet had the opportunity to be fully briefed on the Army's logistics and support programs, it is clear that logistics readiness continues to be an all encompassing issue of paramount importance. The fundamental concern in logistics and support activities remains our capability to deploy, support and sustain any future war or contingency action. You may be assured that this area will be an early major focus of mine should I be confirmed.

I also wish to note that from my position at the Department of Veterans' Affairs I recognize the critical role that infrastructure plays in the mission of logistical and program support. In this regard, Army, like VA, has similar problems. First, funding has precluded necessary new construction, thereby requiring cost inefficient repairs to older, dysfunctional facilities. Secondly, funds are not available to maintain and repair good existing inventory and it is deteriorating. Recognizing that real property requirements must compete with other high-priority needs, I will endeavor to present the real need for funding for facilities to the Army and Defense leadership.

I will also take a new look at how well we are using our existing inventory and ensure that it is being used as efficiently and effectively as possible.

ENVIRONMENTAL ISSUES

Question (7). The Assistant Secretary of the Army has overall management responsibility for the Army's environmental programs, including hazardous waste policy and environmental restoration programs.

In your view, what are the most serious challenges facing the Army in this area, and how do you plan to deal with these challenges?

Answer. Although I have not had an opportunity to be briefed fully on this subject, my limited reading on the Army's environmental program would lead me to conclude that the most serious challenges facing the Army are in the areas of hazardous waste management, environmental restoration (contamination cleanup), and compliance with environmental laws. The magnitude of the environmental problem on Army installations which resulted from accepted past practices and their conflict with new requirements only intensify these challenges.

Secretary of Defense Cheney stated on October 10, 1989, that military bases must meet environmental standards and that the Department of Defense is to be a leader in meeting the environmental challenges of the next decade. I fully support this high priority emphasis being given to environmental issues.

I recognize that this task will not be easy or inexpensive. The numerous environmental laws, particularly the Resource Conservation and Recovery Act (RCRA) and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), are complex statutes that involve a multitude of requirements with which we must stay in compliance. A sufficient number of qualified personnel also are required to adequately oversee the programs at the installation level which is difficult during periods of tight resources.

The other half of the resource equation problem is money. Although the Defense Environmental Restoration Account, which funds the contamination cleanup, has been increasing each year, the requirements of the emerging remedial action phase will outstrip the increases at least in the short run. In the area of environmental compliance with hazardous waste laws, there is no dedicated appropriation. Although the Army has made a policy decision to fund projects necessary to achieve compliance with environmental statutes, this decision will be hard to sustain as the Real Property Maintenance Account decreases with a shrinking budget.

In dealing with these challenges, I intend to place environmental compliance and environmental restoration as top priorities. I also plan to stress environmental issues with the senior Army leadership and set a basis for action through the chain-of-command down to the installation. Moreover, we will take the necessary steps to minimize or prevent the further generation of hazardous waste. I will ensure that the Defense leadership is advised of Army's environmental resource requests while, at the same time, attempting to make more efficient use of existing resources. Contamination cleanup will continue to be based on the concept of a worst-first priority system.

Question (8). General Wagner, the former Commander of the U.S. Army Materiel Command, testified before the Committee this year that "we do not have the facilities today to even store the toxic wastes we have."

How do you intend to address this problem?

Answer. At this juncture, I do not have sufficient knowledge on this issue to provide a fully responsive reply. I am advised that there may be installations on a site-specific basis that we do not possess sufficient storage facilities for toxic or hazardous waste. I further understand that the Army is working with the Defense Logistics Agency (DLA) to build necessary conforming storage for Army installations, where required.

I will further explore this concern and address any unresolved problems uncovered by this review.

MILITARY CONSTRUCTION

Question (9). The Army's military construction budget has been declining in recent years, and there is likely to be a continued constrained funding environment in the future.

What priorities will you establish for deciding among competing construction and maintenance requirements in the future?

Answer. Funding shortfalls are a serious problem in virtually all Federal capital facilities programs. In general response, I will follow a strategy for managing Army construction and maintenance needs that is centered on four priorities:

(1) Maximize the use of existing facilities.

(2) Meet regulatory (particularly life-safety standards) and environmental requirements.

(3) Ensure a prudent schedule of systematic maintenance and preventative maintenance to the maximum extent possible within resource constraints to better manage backlogs of maintenance and repair.

(4) Serve as an advocate to ensure that facilities for essential force structure, modernization, and stationing initiatives compete with other Army high priority new mission needs.

Inherent in this strategy will be the need to place maximum emphasis on funding annual recurring requirements for operations, maintenance, and repair of Army facilities, including family housing.

Question (10). The Armed Services Committee has raised a number of concerns about the need for, and financing of, military construction projects overseas.

In light of possible force structure changes in both Europe and Asia, as well as the need for greater burden-sharing efforts on the part of our allies, how will you approach requests for overseas military construction programs?

Answer. Carefully. I fully recognize the need to take maximum advantage of existing burdensharing agreements. It also is critical to be sure that only the most essential requirements are submitted for funding consideration. Commanders will be asked to submit only those projects which will remain as valid requirements regardless of force structure changes now under consideration.

I will seek opportunities to expand facilities' burden-sharing initiatives. But, I must add that as long as our national policy depends on forward deployed forces, we must continue to provide the facilities necessary to support that forward deployment.

BASE CLOSURES AND REALIGNMENTS

Question (11). What problems do you expect the Army to encounter as it begins implementing the recommendations of the Commission on Base Closures and Realignments?

Answer. I believe that our challenges will surface in a number of areas:

(1) Minimizing the impact on the local community by establishing a local base reuse committee to determine the best reuse of the land that serves both the community's and Army's objectives and facilitating economic adjustment assistance to those affected communities.

(2) Managing the personnel impacts and doing our best to minimize the adverse impacts on Army employees whether affected by the reduction or by the realignment of their jobs.

(3) Minimizing the cost of this initiative and achieving the economies that are expected.

(4) Restoring the environment of those bases that we are closing and intend to sell.

(5) Maintaining a schedule that ensures the completion of all closure and realignment actions on time.

(6) Selling of the real estate of closed bases at its highest and best value, taking into account local, State, and Federal interest in the property.

As Assistant Secretary, I will work to ensure that the Army deals effectively with these issues and brings the base closure and realignment initiative to a timely and successful conclusion.

Question (12). Secretary Cheney recently stated that he anticipates additional base closures during this Administration.

Do you believe that further reductions should be made in the Army's current base structure?

Answer. The Army's current base structure exists to support the Army's current force structure that is derived from our national security strategy. I believe that the recently concluded Commission on Base Realignments and Closures made a long needed adjustment to our base structure. We must strive in the future to keep our base structure in balance with our force structure. As force structure adjustments are made, we will have to adjust our base structure in a manner that provides the greatest economies and maintains readiness.

Question. What functional areas of the current base structure do you believe should be considered for closure or consolidation?

Answer. I believe that the Army would benefit from a policy that would require a continuing review of all functional areas to seek out any imbalance between our base structure and the force structure that it supports. Effective and efficient utilization of our base structure assets will be my objective. If a functional area is not effectively and efficiently utilizing its assets, then it should come under review for closure or consolidation.

Question (13). The Commission on Base Closures and Realignments strongly emphasized the need to modernize and expand the Defense Department's training bases and ranges.

Do you believe this is an important priority?

Answer. Yes, this is an important priority. As the Commission indicated, unit proficiency can only be attained through "real life" exercises. Such exercises require adequate training areas and ranges. Currently, the Army is studying a proposal for acquisition of additional land for expansion of the National Training Center at Fort Irwin, California, as well as acquisition of additional land at the Yakima Firing Center, Washington, and the alternatives for dealing with a shortage of training land at Fort Riley, Kansas.

Question. How do you intend to identify the Army's needs in this area?

Answer. I intend to work with the Army Staff and military commands and will be involved in the development, review and decision-making related to these or other studies that might be required to identify the Army's needs and priorities in this area. I also will ensure that the many facets of these issues are properly considered, to include military, environmental, sociological, and economic impacts.

MANAGEMENT SKILLS

Question (14). As Assistant Secretary of the Army for Installations and Logistics, you will have a major role as a senior manager and leader within the Department of the Army.

How would you assess your management and leadership skills for this position?

Answer. I believe my background and experience to date have provided me with tremendous opportunities to learn and develop management and leadership skills. Since 1986, I have served as the Associate Deputy Administrator for Logistics at the Veterans' Administration. Prior to this, I served as the Associate Deputy Administrator for Management, 1985–1986; and Associate Deputy Administrator for Logistics, 1985. From 1981–1985 I was the Executive Assistant to the Associate Deputy Administrator for Logistics. I have also served over nine years in various staff positions in Congress, including 6 years as an Administrative Assistant.

In my prior Federal service, I have had experience in policy development and implementation, program direction and control, Federal personnel management, Federal budgeting process and leading and directing a number of critical programs. As Associate Deputy Administrator for Logistics, I was responsible for management and oversight of the Veterans' Administration's multi-billion dollar construction, procurement and supply, environmental affairs, and small and disadvantaged business utilization programs.

Despite experience in these fields, I fully recognize that the scope of the Army Installations, Logistics and Environment position is immense, requiring new and additional work on my behalf. I look forward to the new challenges, and am confident that my past experience, coupled with the support of the professional soldiers and civilian work force of the Department of the Army, will afford me an opportunity to contribute to the well-being of the men and women of the Armed Forces.

[Questions for the record with answers supplied follow:]

Questions Submitted by Senator Sam Nunn

NEW SYSTEMS PROCUREMENT

Senator Nunn. One of the more difficult areas for the Congress to assess is the true cost of new systems procurement. The reason is that DOD submits the construction costs separate from the procurement costs. This "low balls" the true cost of a new weapon system, and it forces infrastructure replacement out of the budget, which in turn increases operating and maintenance costs. In your opinion, should construction costs for new systems be budgeted in the procurement line, which would be consistent with private sector practices, or should the status quo be maintained?

Ms. Livingstone. I agree that it is extremely important to account fully for *all* costs associated with major systems procurements. However, based on the initial information I have received, it would appear that the current DOD budgeting and cost accounting methodologies accomplish this end very well, including providing a full and accurate accounting of the construction costs associated with new weapon systems. These costs are a part of the Department of Defense budget submission, "Program Acquisition Costs by Weapon System," and identify costs associated with a weapon system, including construction.

INFRASTRUCTURE REPLACEMENT/MODERNIZATION

Senator Nunn. The private sector estimates a 50-year life cycle for infrastructure, so a 2 percent per year replacement of infrastructure would seem to be a wise investment. During your tenure at the Veterans Administration, what cycle of infrastructure replacement did you manage? Was it adequate?

Ms. Livingstone. The Veterans Administration (VA) did not use any standard life cycle for infrastructure. Different infrastructure systems obviously have very different life expectancies. For instance, VA expected hospital mechanical systems to last about 20 years, whereas building structure and enclosures were expected to last 50 years or more, particularly after the adoption of the VA Hospital Building System.

In addition, VA's construction needs, while driven in part by renovation and replacement requirements, also were generally driven by changing demographics, changing medical treatment needs, and changing medical treatment technology. In this environment, normal life expectancy of the infrastructure was largely an academic concept.

Like most federal agencies, VA's capital facilities budget was inadequate to keep pace with both its normal replacement requirements as well as the need to modernize or build new facilities to respond to changing medical care practices. New construction, repair and replacement/modernization requirements were prioritized in order to dispense available funds, but backlogs of needs existed in all categories.

INFRASTRUCTURE REPLACEMENT/MODERNIZATION

Senator Nunn. Given the fact that aging infrastructure is more costly to maintain, and given the fact that a prudent replacement cycle is impractical, what are your views on increasing funds for repair and maintenance in lieu of new construction?

Ms. Livingstone. Increasing maintenance and repair dollars could keep many current facilities operating, but eventually at a higher cost, and probably not as effectively and efficiently as the user of the facility may require. Sooner or later, facilities become functionally or physically obsolete and are no longer economically repairable or operable. The Army's challenge is to tightly discipline expenditures for maintenance and repair, as well as achieve a prudent level of replacement construction dollars. We also must assure that we maximize use of the best facilities we have in the Army inventory so that we do not have to operate and maintain older, energy inefficient and expensive to maintain facilities. A well managed capital facilities program requires a constant assessment of requirements and balanced expenditures in both maintenance/repair and new/replacement construction.

BASE CLOSURES

Senator NUNN. Secretary Cheney has indicated that he may seek additional base closures from the Congress, but he has not indicated whether or not he would use the commission approach or just submit a closure request to the Congress.

The Congress has recently approved a list of base closings recommended by the Commission on Base Realignment and Closure. Are you familiar with the recommendations as they pertain to the Army and will you support these closures?

Ms. LIVINGSTONE. Yes, I am familiar with the Commission's action and will support the recommendations as they pertain to the Army.

Senator NUNN. Given the fiscal reality facing the Department of Defense, service endstrengths will inevitably be reduced. Infrastructure reduction should be a normal consideration in this process. Can we rely on you to candidly advise the Secretary of the Army and the Congress on the need for further base closures?

Ms. LIVINGSTONE. Yes. As a matter of policy, I will initiate appropriate reviews of our base structure should major reductions be made in the Army endstrength and candidly set forth recommendations to the Secretary on any adjustments that may be needed in our base structure based on our reviews. It is existing Army policy to inform the Congress should such reviews be undertaken. I see no reason at this time to change these policies. However, if the Secretary of Defense deems it necessary to use the Commission approach or some other method, then the Army would comply with the Secretary's guidelines.

[The nomination reference of Susan Morrisey Livingstone follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
November 2, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Susan Morrisey Livingstone, of Montana, to be an Assistant Secretary of the Army, vice John W. Sannon.

[The biographical sketch of Susan Morrisey Livingstone, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF SUSAN MORRISEY LIVINGSTONE

Susan Morrisey Livingstone joined the Veterans Administration in November 1981, as Executive Assistant to the former Associate Deputy Administrator for Logistics. On February 22, 1985, she was appointed Associate Deputy Administrator for Logistics of the Veterans Administration by VA Administrator Harry N. Walters. On December 16, 1985, Mrs. Livingstone was appointed Associate Deputy Administrator for Management and served in that position as well as that of Acting Associate Deputy Administrator for Logistics until April 27, 1986. She then resumed her duties as Associate Deputy Administrator for Logistics by appointment of VA Administrator Thomas K. Turnage.

As Associate Deputy Administrator (ADA) for Logistics, Mrs. Livingstone is responsible for policy-level management and oversight of the Agency's construction, procurement and supply, Central Office administrative support, environmental affairs, and small and disadvantaged business utilization programs. Reporting to the ADA are the Offices of Facilities, Procurement and Supply, and Administration. The ADA also serves as the Agency's Procurement Executive, Director of the Office of Small and Disadvantaged Business Utilization, Director of Environmental Affairs, and as the VA's representative to GSA's Real Property Executives Advisory Committee. The VA operates the second largest construction program in the government, the largest medical care construction program in the Nation as well as the government's fourth largest procurement and supply program.

Mrs. Livingstone joined the Executive Branch of the government in July 1981 as Deputy Director of Legislative Liaison for the Community Services Administration (CSA).

Prior to CSA, Mrs. Livingstone worked for over nine years in the legislative branch of the government. From September 1973 to January 1981, she worked for Congressmen Richard H. Ichord, first as legislative and press assistant and for 6 years as Administrative Assistant. Subsequently, she served as a consultant to Congressmen Wendall Bailey until her appointment to CSA.

From Februray 1969 to September 1970, Mrs. Livingstone served as a research assistant to Senator Mark O. Hatfield.

Mrs. Livingstone has an A.B. degree from the College of William and Mary (1968), an M.A. degree in Political Science from the University of Montana (1972), and a Masters of Arts of Law and Diplomacy (M.A.L.D.) from the Fletcher School of Law and Diplomacy, where she is currently a Ph.D. candidate.

Born in Missouri and raised in an Air force family, Susan Livingstone is married to Neil C. Livingstone of Helena, Montana.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Susan Morrisey Livingstone in connection with her nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Susan Morrisey Livingstone (8/68 to present).
Susan Livingstone (8/68 to present).
"NEE" Susan Morrisey (1/46 to 8/68).

2. **Position to which nominated:**
Assistant Secretary of the Army (Installations, Logistics and Environment).

3. **Date of nomination:**
November 2, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
1/13/46—Carthage (Jasper County), Missouri.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married 8/30/68 to Neil C. Livingstone.

7. **Name and ages of children:**
None

8. **Education.** List secondary and higher education institutions, dates attended, degree received and date degree granted.

1. 9/60-6/64, Summerville High School, Summerville, South Carolina, High School Diploma (Salutatorian) awarded 6/64.

2. 9/64-6/68, College of William & Mary, Williamsburg, Virginia, A.B. awarded 6/68.

3. 7/65-9/65, Georgetown University, Washington, D.C. French Language Study—6 credits.

4. 9/70-6/71, University of Montana, Missoula, Montana M.A. awarded 12/72.

5. 9/71-5/72, Tufts University, Medford, Massachusetts, Ph.D. coursework taken.

6. 9/72-6/73, Fletcher School of Law & Diplomacy, Medford, Massachusetts M.A. and M.A.L.D. degree requirements met except language. Ph.D. exams passed 4/18/78. Dissertation pending.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

1. 4/86-6/89, Associate Deputy Administrator for Logistics, Department of Veterans Affairs, Washington, D.C.

2. 12/85-4/86, Associate Deputy Administrator for Management and Acting Associate Deputy Administrator for Logistics, Veterans Administration, Washington, D.C.

3. 2/85-12/85, Associate Deputy Administrator for Logistics, Veterans Administration, Washington, D.C.

4. 11/81-2/85, Executive Assistant to the Associate Deputy Administrator for Logistics, Veterans Administration, Washington, D.C.

5. 11/3/81-11/28/81, Confidential Staff Assistant (White House Detail) Office of Community Services, Department of Health & Human Services, Washington, D.C.*

6. 10/14/81-10/31/81, Detailed to the Office of the Administrator, Small Business Administration, Washington, D.C.

7. 7/81-9/81, Deputy Director of Legislative Liaison, Community Services Administration, Washington, D.C. (CSA was terminated as a Federal agency effective 9/30/81.)

8. 1/81-7/81, Executive Assistant/Consultant to Congressman Wendell Bailey (Missouri), Washington, D.C.

9. 9/73-1/81, Legislative and Press Assistant (9/73-8/75) and Administrative Assistant (8/75-1/81) to Congressman Richard H. Ichord (Missouri), Washington, D.C.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

In my various positions with the Department of Veterans Affairs, I also served at various times as VA liaison to the Federal Procurement Council, the GSA Real Property Executives Advisory Committee, the Interagency Committee on Women's Business Enterprise, the Interagency Energy Policy ("656") Committee, the VA Systems Integration Review Board, the VA Executive Resources Board, the VA Performance Review Board, and the President's Council on Management Improvement (12/85-4/86). I also served as VA Senior Procurement Executive and Vice Chairman of Leadership VA. In 1989, I was made an Honorary Secretary of State for the State of Montana.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.

1. Member, National Women's Economic Alliance, Washington, D.C.

2. Member, Executive Women in Government, Washington, D.C.

3. Advisory Board Member, The Solidarity Endowment, Washington, D.C. (see 6. below).

4. GOP Women's Political Action League (GOPAL).

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* Please note that for entries 5 and 6 above, I was detailed to these two Federal agencies to assist the former Director of the Community Services Administration (CSA) to prepare for Congressional hearings on the CSA closure and to serve as chief drafter of the official report on the dismantlement of CSA for submission to the White House and the Office of Management and Budget.

5. Annual Participant in Combined Federal Campaign.

6. Since 1984, I have served on the Advisory Committee to The Solidarity Endowment, a U.S. based 501(c)(3) organization formed to support the Polish Solidarity trade union movement. Former President Reagan acknowledged the formation of The Solidarity Endowment and expressed support for its goals in a message of 11/15/85. A number of Members of Congress also serve on the Advisory Committee, which is predominantly honorary in nature and entails no compensation.

Also, while not a membership organization, I am invited to participate in the American Bar Association's National Security breakfasts. In college, I was a member of the Kappa Kappa Gamma sorority, and although I have been inactive since college, I presumably am still carried on the membership rolls.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Contributions were less than $100 to any one individual or entity.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

1. Exceptional Service Award, Department of Veterans Affairs (6/89).
2. Who's Who in America (46th Edition, 1989-1990).
3. Veterans Administration Outstanding Performance Ratings (1981-1988).
4. VA "Unique Contribution Awards" (1987 and 1988).
5. NDEA Fellowship/Full Tuition Scholarship, Tufts University (9/71-5/72).
6. Full Tuition Scholarship and Graduate Student Fellowship, University of Montana (9/70-6/71).
7. Outstanding Young Women in America (1979).
8. Counselor to the American Legion's Girl's State (1964).
9. Attendee at the American Legion's Girl's State (1963).
10. Numerous High School and Undergraduate recognitions and honors.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published material which you have written.

1. "Uruguay's Tupamaros in Latin American Guerrilla Theory," *Issues in Political Science*, University of Montana, 1972
2. "Terrorism: The Original Cheap Shot—An Interview with Ambassador Diego Asencio," *World Affairs*, Vol. 146: 1, Summer 1983
3. "Terrorism Wrongs vs. Human Rights—An Interview with Assistant Secretary of State Elliott Abrams," *World Affairs*, Vol. 146: 1, Summer 1983
4. Also please note that I wrote for the *Flat Hat*, College of William and Mary student newspaper, while in college. During the course of my work career I've also written literally thousands of speeches, articles, reports, newsletters, congressional record statements and congressional committee testimony for others and under my own signature.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

[Contained in the committee files.]

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Because of my interest in serving in the Bush administration, I sent my resume to both the White House Office of Presidential Personnel as well as Marybel Batjer at the Department of Defense, expressing particular interest in opportunities at DOD. Ms. Batjer subsequently called me in for an interview initiating the process which ultimately resulted in my nomination for this position. For the past eight years, I have overseen and managed a Federal capital facilities and procurement program of nearly $5.0 billion for the Department of Veterans Affairs which has provided me with a solid foundation in some of the issue areas for which I would be responsible at the Department of the Army, as well as experience in directing major Federal program areas and managing a Federal workforce.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My employment experience has been one of progressively greater responsibility and scope. For the particular appointment for which I have been nominated, I will bring to it detailed knowledge and experience in Federal service, including policy development and implementation, program direction and control, Federal personnel management, Federal budgeting processes, and a history of solid coordination and communication with Congress. In addition, due to my previous work at the VA, I have direct experience in managing and overseeing Federal construction; acquisition; procurement distribution systems; product standardization; real property management; real property acquisition, disposal and utilization; facility master planning; performance of A-76 contracting out studies; management of employee performance and ethics training; physical plant assessments; leasing; environmental and hazardous waste compliance programs; outreach to small and disadvantaged businesses; materiel management; energy conservation; facilities maintenance; A/E selection oversight; historic preservation; and public relations.

Despite experience in these fields I fully recognize that the scope of the Army Installations, Logistics and Environment position vastly exceeds those of my previous VA position. There are a number of new issue areas, procedures, laws and regulations which I will need to study and learn. However, I look forward to these new challenges, and welcome the advice and counsel of the Senate Armed Services Committee Members and staff should I merit confirmation for this position.

[Contained in committee files.]

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Absolutely.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Susan Morrisey Livingstone.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

SUSAN MORRISEY LIVINGSTONE.

This 18th day of October, 1989.

[The nomination of Susan Morrisey Livingstone was reported to the Senate by Senator Sam Nunn on November 16, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

NOMINATIONS OF ANN C. PETERSEN TO BE GENERAL COUNSEL OF THE DEPARTMENT OF THE AIR FORCE AND CRAIG S. KING TO BE GENERAL COUNSEL OF THE DEPARTMENT OF THE NAVY

TUESDAY, NOVEMBER 7, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 3:27 p.m., in room SR-222, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Dixon, and Warner.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; and Richard D. DeBobes, counsel.

Professional staff member present: David S. Lyles.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; and George K. Johnson, Jr., professional staff member.

Staff assistants present: Barbara L. Braucht and Mickie Jan Wise.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; and Terrence M. Lynch, assistant to Senator Shelby.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come back to order. Our third panel consists of Mr. Craig King, who has been nominated to be General Counsel of the Navy, and Ms. Ann Petersen, who has been nominated to be General Counsel of the Air Force. We are delighted to have both of you here today.

Each military department is responsible for procurement, personnel and management issues of enormous importance to the Nation. It is the responsibility of the General Counsel to ensure that the Department's activities are conducted in accordance with the letter as well as the spirit of the law.

Moreover, in the high pressure environment that characterizes decisionmaking in the Pentagon, the General Counsel plays a crucial role as the conscience of the service Secretary, and I hope that both of you realize that, because it is an enormously important job.

In the coming year, the service Secretaries will rely heavily on their General Counsels in the development of innovative plans for the implementation of Secretary Cheney's Defense Management Review.

To fulfill this responsibility, and to meet the many other challenges facing the military departments, the General Counsels will have to be knowledgeable and resourceful attorneys.

Because of the importance this committee has placed on the role of the service General Counsels, the Congress last year enacted legislation elevating these positions by requiring Senate confirmation. The nominees before us today are the first to be considered under this legislation.

Mr. King, who currently is in practice in the Washington, D.C. office of the Sidley & Austin law firm, is accompanied today by his wife, Janet, their son Ryan, and their daughter Michelle. We will ask each of you to hold up your hands. We are delighted to have you here. I have a daughter named Michelle, too. That is a beautiful name.

Ms. Petersen, who is with the firm of Wildman, Harrold, Allen & Dixon in Chicago is accompanied by her husband, Bruce Weitzman. Bruce, we are glad to have you here.

Before hearing from the nominees, I will turn to Senator Warner for any remarks he would like to make.

Senator WARNER. We are privileged as citizens to have you offer your services to your country, and you both come eminently well-qualified.

Mr. King, having some modest experience in the Department you are about to join, I hope you have a marvelous career there. It certainly is a wonderful place to serve and there are marvelous people there. Go to it—enjoy it.

Chairman NUNN. Ms. Petersen, Senator Dixon wants to come back and introduce you, so he will be here any minute now. He had another hearing. He told me he would be back right around 3:30.

In the meantime, we welcome any remarks that either one of you would like to make. We would like for you to give us your views as you see it and describe the job as you see it—whatever you would like to say.

Ms. Petersen.

STATEMENT OF ANN C. PETERSEN, GENERAL COUNSEL—DESIGNATE, DEPARTMENT OF THE AIR FORCE

Ms. PETERSEN. I would be delighted. Thank you, Mr. Chairman and members of the committee.

I am honored to appear before you today as President Bush's nominee to be General Counsel of the Department of the Air Force. I am grateful to President Bush, as well as to Secretary Cheney and Secretary Rice for giving me the chance to serve in this way.

As a lawyer in the private sector, I have served a wide variety of clients and dealt with a wide variety of legal problems. I look forward to bringing the perspective of private practice to my service as General Counsel of the Department of the Air Force.

I have a great deal of regard for the people of the Air Force, and their mission is vital to our national security. In the Petersen family we have a strong family tradition of lawyering and a strong family tradition of public service, and I appreciate the opportunity to do both in this position.

I know that there are a wide variety of legal matters facing the Department of the Air Force. The issues may be very complex, but my top priority, if I am confirmed, will be very simple, and that is, I will work very hard to provide the highest quality of legal services to the Department.

I appreciate the opportunity to appear before you today and the courtesy extended to me by the committee and the staff, and I would be happy to answer any questions you have.

Chairman NUNN. Mr. King.

STATEMENT OF CRAIG S. KING, GENERAL COUNSEL—DESIGNATE, DEPARTMENT OF THE NAVY

Mr. KING. Mr. Chairman, members of the committee, it is a great honor for me to be here before you today and to have received the trust of Secretary Garrett, Secretary Cheney, and President Bush in being nominated for this position. I thank the committee for taking the time for this hearing.

In 1941, Secretary Forestall established within the Department of the Navy a body of civilian lawyers who were to be well-trained in the ways of the business world and were to advise and represent the Secretary and the Department in business and commercial matters.

As the business of the Navy Department has grown and become more complex, the Secretary's civilian law firm, the Office of the General Counsel, has grown to over 500 lawyers who are located world-wide throughout the Navy and Marine Corps commands and activities.

These lawyers provide day-to-day legal representation in acquisition matters and in such other matters as environmental law, civilian personnel law, bankruptcy, and standards of conduct.

I have the highest regard for the talent and dedication of the lawyers who have committed their careers to building the Office of the General Counsel into an institution that is recognized for sound legal reasoning and skilled representation.

As one whose private practice has included a number of the areas of business and commercial law in which they are involved, I look forward, if confirmed, to working closely, actively, and substantively with these lawyers to maintain and build upon this tradition of excellence to ensure that the Secretary and the Department continue to have the highest quality legal representation.

I have a strong commitment to public service, and I have a great respect for the men and women of the Navy, Marine Corps and the other armed services. I look forward to working with the members of the defense establishment and in particular with the members of this committee in pursuing our national security objectives.

Again, I am grateful for the honor and trust given me in this nomination and, if confirmed, I will work to uphold that trust.

Chairman NUNN. Thank you very much, Mr. King. Senator Dixon, Ms. Petersen is doing pretty well so far—in fact, very well—but I understand you are going to introduce her anyway.

Senator DIXON. Mr. Chairman, I wondered about that, in view of the fact that she has been received so well by you and the distinguished ranking member, I hesitate to in any way affect her good chances as I view them right now, but——

Senator WARNER. Could you clarify how she was with the firm of Wildman, Harrold, Allen & Dixon?

Senator DIXON. Well, I was going to say that I regret that neither Allen nor Dixon is any relation to this Alan Dixon, but I do want to recommend Ann Petersen very highly, Mr. Chairman, to both you and the ranking member and to the members of the committee, to be General Counsel of the Air Force.

She is an attorney from Chicago. She has been in the practice of law since 1976 and she has been one of the principal civil litigators for the law firm of Wildman, Harrold, Allen & Dixon, serving as a partner with the firm since 1983.

She received her undergraduate degree from the University of Iowa, graduating with honors and being elected Phi Beta Kappa. She then received her law degree from the University of Michigan Law School, graduating cum laude, and Mr. Chairman and our distinguished ranking member, I believe that Ann brings an excellent academic background to this position as General Counsel to the Air Force as well as top-notch experience in the legal field. I certainly urge the committee to approve her nomination, and I would say to you that several members of the Illinois legislature—Representative Al Ronan, a very close friend of mine, to mention one, who is a senior member of the House and a highly-regarded member of my party in Chicago, and Senator Don Clark Nesch, Mr. Chairman, who is one of our leading members of the Illinois State Senate and will now be our candidate on our ticket for State Comptroller—have recommended to me, as recently as this morning and the other night in Champaign, very highly, Ann Petersen, and I know that those kind of people who know her well in the community in Chicago think highly of her and would not be motivated to recommend her unless they thought she could do an outstanding job.

So with the profound hope, Mr. Chairman, that I have not in any way hindered her good progress both with you and the ranking member, I would indicate to you that it would be my personal pleasure to vote for her confirmation.

Chairman NUNN. Thank you very much, Senator Dixon. As a valued member of this committee your recommendations, of course, are very meaningful to us and we appreciate it.

I have two or three questions for each one of you and Senator Dixon, if you need to leave go ahead.

Ms. Petersen, in your response to the prehearing policy questions you noted that your responsibility as General Counsel will include the area of intelligence oversight.

What are the key intelligence issues facing the Air Force, as you see them now? Do you have any preliminary views on that?

Ms. PETERSEN. I believe it would be premature to respond with specific issues at this point, other than to say that I believe it is important that the guidelines of the executive order and the appropriate departmental directives with respect to the oversight of those activities be followed, and that the kind of activities that may be inappropriate be reported appropriately.

Chairman **Nunn**. You have stated that the Judge Advocate General is the principal legal advisor to the Secretary of the Air Force on matters related to the Uniform Code of Military Justice.

Ms. **Petersen**. Yes, sir.

Chairman **Nunn**. One of the most contentious interagency legal issues involves the determination in particular cases as to whether an individual charged with a crime such as espionage will be prosecuted under civilian or military law. Who will be the principal legal advisor to the Secretary in such a case?

Ms. **Petersen**. I believe that it would be appropriate for us to weigh in on the issues in that case, and I believe that the Secretary should be advised by both in that regard.

Chairman **Nunn**. You noted that one of your top priorities will be "contributing to the Defense Management Review process in the implementation of the Defense Management Review initiatives."

Which issues under the Defense Management Review will have the most significant impact on the Air Force, and what role do you see at the General Counsel addressing those issues? Have you had a chance to look at that in detail?

Ms. **Petersen**. I have not been involved up to this point in the activity of the Defense Management Review, although I understand that it is under consideration on Secretary Cheney's desk at the present time.

I believe that those issues specifically relating to the reorganization of the headquarters office and how they may affect the delivery of legal services to the various communities of the Air Force would be those most directly involving the General Counsel.

Chairman **Nunn**. As you rate your own responsibilities, what do you see as your biggest challenges and priorities?

Ms. **Petersen**. As I stated in my opening statement, my top priority would be to deliver the highest quality of legal services to the Department.

In terms of substantive areas, I would anticipate a lot of attention being directed to the Defense Management Review. I believe that acquisition and procurement integrity will remain important issues. There are significant environmental issues that will be considered in addition to the myriad of other issues involving personnel.

Chairman **Nunn**. Mr. King, you noted in answers to the prehearing questions that efforts to streamline the acquisition process should receive frequent monitoring by the General Counsel. What particular aspects of the Navy's acquisition process would you believe to be most susceptible to streamlining efforts?

Mr. **King**. Well, as you know, Mr. Chairman, the Defense Management Review process is addressing that issue and it is my understanding that Secretary Garrett established six working groups that touch on various aspects of the streamlining.

Certainly, the working group that is involved with the Secretariat reorganization and the working group that is involved with the PEO/SYSCOM reorganization touch on those issues. A group deals as well with ethics issues. There is a working group dealing specifically in the acquisition area on the procedures and regulations and policies. Acquisition work force issues are committed to another working group.

So my understanding has been that lawyers from the Office of General Counsel have been involved in each of these working groups with the task of legal support but also the broader legal task of ensuring full compliance with, and that the plans comport with, the Goldwater-Nichols Act and with the DMR itself.

So looking at the acquisition streamlining issue in particular, I think that has to pull in the work of those lawyers. My understanding is and I expect that those lawyers will continue to be involved across the full range of Navy DMR implementation and planning activities.

Chairman NUNN. In response to the policy question on legislative action resulting from the "Ill Wind" investigation, you took note of the procurement integrity provisions of the 1988 OFPP amendments. Based upon your experience in the private sector, or your observations of the Navy, what is your assessment of that Act's impact upon the acquisition process?

Mr. KING. Well, the Act was a major step forward but the current issue—and let me address the current issue that is pending. I am aware that there have been a number of questions raised regarding the breadth of the Act and that in the current authorization bill, for example, I understand that some of the Senators on this committee had raised those concerns and that there are provisions made in there that I think are important clarifications for that Act and will provide some important guidelines to the employes of the Navy, especially as they look to post-employment options.

In particular, the provisions that have recently been, I understand, under discussion regard the fact that post-employment discussions will be able to continue under certain circumstances if there are appropriate recusals. And there are some provisions being made to address exactly what is "pertaining to" a procurement activity to give these acquisition officials some better sense of that.

One that relates particularly to the General Counsel is the provision that I find helpful to give the option, or the opportunity, for a legal opinion that will reduce some risk to government employees if they rely on it and follow what the lawyers tell them to do.

So I think those provisions, as they enhance and clarify the Office of Federal Procurement Policy Act are very helpful in providing additional guidance to those who the General Counsel will be advising.

Chairman NUNN. What has been your main experience, Mr. King, in the practice of law?

Mr. KING. My major commitment of time has been litigation across the board, I guess is the best way to explain it.

Chairman NUNN. Civil and criminal, or mainly civil?

Mr. KING. Exclusively civil.

Chairman NUNN. What types of civil, primarily?

Mr. KING. Probably the majority of my time has been in the regulatory, antitrust, and competition policy areas, handling such litigations as—I was on the trial team in the AT&T divestiture case, the challenge by Chrysler to the GM Toyota joint venture, and to a number of other large antitrust cases of that nature.

In addition, I have done work in the procurement area involving contractual aspects of procurement for the Bell System and AT&T, as well as some procurement aspects in the defense area.

Chairman NUNN. Ms. Petersen, the same question. What has been your main experience in the practice of law?

Ms. PETERSEN. My main experience in practice has also been in the field of litigation. In over 13 years of practice I have handled a wide variety of different types of cases.

In more recent years, the best description, or thread, that would connect the principal things I have been working on is major transactions between corporate entities that have gone awry, with perhaps different cases arising out of similar circumstances.

Chairman NUNN. For instance, what kind? You say, corporations gone awry. I am just looking for an example.

Ms. PETERSEN. I am currently working on a matter involving a plan for building a plant and shipping a hazardous chemical by rail between separate points. An incident occurred. Various permits were cancelled, and the transaction, or business arrangement, was disrupted, resulting in alleged damage to a number of parties.

Chairman NUNN. Have either one of you had any experience in dealing with the Uniform Code of Military Justice, or the military procurement system?

Ms. PETERSEN. No, sir.

Chairman NUNN. Have you, Mr. King?

Mr. KING. Not the Uniform Code of Military Justice. I have represented clients in connection with a couple of defense contracting matters.

Chairman NUNN. Do you feel that you are qualified for this job, Mr. King?

Mr. KING. I do.

Chairman NUNN. Do you have any problems in having confidence to handle the job, the scope of it and so forth?

Mr. KING. If I did not feel so, I would not be here, Mr. Chairman. I feel so, yes.

Chairman NUNN. Ms. Petersen.

Ms. PETERSEN. Yes, sir, I believe I am.

Chairman NUNN. One area the committee has had a lot of difficulties with in the last couple of years, which you are also going to be very involved in, is the military promotion system.

In terms of advising the Secretary and legal advice relating to the selection and nomination of Navy and Marine officers as well as others for the Air Force, are either of you familiar with the laws relating to military promotion, what the Secretary can and cannot do, what he should do, and the sanctity of the promotion board? Have you gotten into that at all?

Mr. KING. As to the Secretary's role, I have not gotten into the specific laws and regulations, other than to understand that in part, in response to some of these prior problems that arose, there have been some Department of Defense directives in the area to resolve some of those issues for the future.

Chairman NUNN. I would advise you both to take a look at that, because questions can come up on that as to what the Secretary can and cannot do in the last phases of any kind of promotion board, and we have had some real problems with that in the last 4 or 5 years.

Well, good luck to both of you. We appreciate your being here. Do you have any other things you want to comment on?

Mr. KING. Just to thank you very much.

Chairman NUNN. Thank you, Ms. Petersen and Mr. King. Good luck to you, and again I would ask you to be available for questions in the next few days and we will vote on the nominations early next week.

[Whereupon, the hearing adjourned at 3:50 p.m.]

[Prepared questions submitted to Ann C. Petersen by Senator Nunn prior to the hearing with answers supplied follow:]

NOVEMBER 6, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of October 11, 1989, and the opportunity to share my views on a number of important defense policy and management issues. Answers to specific questions are provided at the enclosure.

I look forward to appearing before you and the Committee on Armed Services in the near future. If I can be of any further assistance, please do not hesitate to contact me directly.

Sincerely,

ANN C. PETERSEN.

Enclosure.

Question (1). Should you be confirmed as General Counsel, what functions do you expect that Secretary Rice will prescribe for you?

Answer. As General Counsel, I will be the final legal authority, except for military justice, on all matters of concern to the Secretary, his Office and the Air Staff. These matters range from acquisition to personnel, installations, intelligence oversight, and dealings with other departments and agencies as well as with foreign governments. The Secretary has designated the General Counsel as legal advisor to the Executive Group of the Air Force Defense Management Review (DMR), and I anticipate that the Secretary will call upon me from time to time, as a member of his management team, to work on other specific projects to improve the Air Force as an institution.

Question (2). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the amendments to the Act relating to special operations forces and low intensity conflict, and the Packard Commission.

a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

Answer. I am fully committed to implementation of the Goldwater-Nichols Department of Defense Reorganization Act and other statutes relating to organizational matters. I support the objectives of the Packard Commission recommendations, and look forward to participation in the ongoing recommendation and implementation of organizational changes as Air Force legal advisor in the DMR process.

Question b. From the General Counsel's perspective, what are the central issues in implementation of the Goldwater-Nichols Department of Defense Reorganization Act that should receive frequent monitoring by the Air Force's legal community?

Answer. The central issue from the General Counsel's perspective is to ensure compliance with the Act and any other applicable statutes. All major organizational changes should be subject to legal review to ensure compliance with applicable law.

Question c. What responsibilities will be assigned to the General Counsel in terms of implementing NSR-11 (the Defense Management Review)?

Answer. Secretary Rice has designated the General Counsel as legal advisor to the Air Force DMR Executive Group, and the responsibilities of the legal advisor include attendance at Executive Group meetings. The General Counsel's office is actively involved in the DMR process, with attorneys from the staff serving in many special capacities, such as task force co-chair, panel members and advisers, and head of the report writing group.

Question (3). If you are confirmed, what will be your top priorities as General Counsel in terms of substantive problems facing the Department of the Air Force?

Answer. My substantive priorities are those of my principal client, the Secretary of the Air Force. Overall, my purpose will be to support the Secretary in his commitment to improve the Air Force. I anticipate that I will devote substantial attention to:

Contributing to the DMR process and implementation of DMR initiatives;

Supporting sound acquisition practices and ensuring procurement integrity;

Providing necessary legal advice on financial management questions raised by the uncertain fiscal environment;

Advising on how to be as forward leaning as possible in the President's war on drugs consistent with the traditional military role of having no active involvement in civilian law enforcement; and

Helping the Air Force conduct its business within the frame-work of Environmental law.

I will work hard to provide high-quality legal services to the Department on all matters that require legal attention.

Question (4). In the private sector, lawyers are increasingly involved in the concept of preventive law—working with the clients to identify and prevent illegal or questionable practices before serious problems arise. Based upon your experience in private practice, what practices can the Department of the Air Force initiate to involve the Deparment's lawyers closely with the policy process in terms of providing such preventive law assistance?

Answer. It is my understanding that the Air Force has emphasized preventive law for many years, and as General Counsel I will ensure that approach continues. In my experience, the success of preventive law efforts depends greatly upon the quality of the professional relationship between the attorney and client. It is important for the attorney to understand the client's business and the types of problems that may arise in it, and to be accessible for consultation as a resource in making decisions and problem solving.

Question (5). Although the "Ill Wind" investigation has not been completed, a great deal of information has been made public as a result of the cases prosecuted to date.

a. What lessons have been learned from the information that has been made public about the "Ill Wind" investigation?

Answer. I understand that the investigation has focused on the ability of contractors to improperly obtain procurement information from government employees through consultants. Since the investigation is ongoing, it will be some time before its lessons become clear. However, whenever large amounts of money are at stake, some individuals, through greed or other selfish motivation, will try to find ways to circumvent clear rules which govern their conduct. It is important to be aware of the ever-present potential for abuse and to minimize opportunities for it to occur.

Question b. What procedures should the General Counsel take to assess the results of that investigation in terms of Department of Air Force acquisition practices?

Answer. I understand that when the investigation became known, the Air Force reviewed its policies and procedures for the protection, control and release of procurement information. While clear guidance was being provided on information protection, it was determined that the opportunity and motivation for contractors to obtain an unfair advantage should be minimized. The Air Force implemented procedures to assure dissemination of procurement information to all prospective offerors, when appropriate, and to control opportunities for individuals to obtain an unfair advantage.

Although the investigation continues and the results are not fully known, there does not appear to be a widespread ethics problem in Air Force acquisition practices. If confirmed, I will continue to evaluate Air Force acquisition practices in light of any additional information that may become known from the investigation and to recommend procedures to improve acquisition practices, if necessary.

Question c. Do you anticipate any significant legislative or regulatory changes resulting from an assessment of the "Ill Wind" investigation? If so, please describe the areas of concern and the timetable for addressing such issues.

Answer. Not at this time.

Question (6). Please describe your understanding of both the formal and informal relationships between the General Counsel and each of the following:

a. The General Counsel of the Department of Defense.

Answer. By statute, the General Counsel of the Department of Defense is the chief legal officer of the Department of Defense. The General Counsels and Judge Advocates General of the Services, the Staff Judge Advocate to the Commandant of the Marine Corps, and the Chief Counsel of the Coast Guard meet with the DOD General Counsel monthly to discuss legal issues of general interest. I understand that my predecessors have had a cooperative, beneficial relationship with the DOD General Counsel, which I would expect to continue.

Question b. The Judge Advocate General of the Air Force.

Answer. The Office of Judge Advocate General is established in law by 10 U.S.C. 8037 as a component of the Air Staff which assists the Secretary of the Air Force in carrying out his duties. The Judge Advocate General is the principal legal advisor to the Secretary concerning matters related to the Uniform Code of Military Justice and the administration of military justice, and such other matters as may be assigned by order of the Secretary. There are extensive contacts between the General Counsel's office and JAG lawyers. I understand that the relationship between the General Counsel and The Judge Advocate General, and their respective staffs, has been cordial and complementary. If confirmed, I will work in harmony with The Judge Advocate General to provide the best possible legal services to the Air Force.

Question c. The General Counsels of the Military Departments and the Defense Agencies.

Answer. I understand that the General Counsels of the Military Departments and the Defense Agencies help each other by sharing information, consulting each other on significant legal issues and cooperating on litigation affecting DOD. In addition to the established monthly meeting among the General Counsels and Judge Advocates General, I will look for ways to promote both formal and informal relationships.

Question (7). Are any changes needed in the relationships described in your response to the previous question?

Answer. I am not aware of any.

Question (8). If confirmed, will you be the final legal authority on all legal matters within the Department of the Air Force? If not, please describe the matters on which you will not be the final legal authority and for each such matter specify the official who will act as the final legal authority.

Answer. The General Counsel is, with one exception, the chief legal advisor to the Secretary of the Air Force and final legal authority on all matters arising within or referred to the Air Force. The Judge Advocate General is the principal legal advisor to the Secretary concerning matters related to the Uniform Code of Military Justice and the administration of military justice.

Question (9). How will you ensure that authoritative opinions issued by final legal authorities are made available to lawyers in the various components of the Department of the Air Force?

Answer. Within the General Counsel's office, staff meetings among the General Counsel, Deputy, Assistant General Counsels and the military assistant will provide a weekly opportunity to discuss and disseminate important legal developments, including authoritative legal opinions. In addition, the General Counsel circulates written material, including opinions, for review by staff attorneys. I understand that The Judge Advocate General has an established weekly mailing of legal materials to field legal offices, in which authoritative legal opinions should be included. The Air Force Law Review, the JAG Reporter, and the General Counsel's conferences on space and procurement provide other means of making authoritative opinions available to Air Force lawyers. If confirmed, I intend to seek ways to improve communication between the office of the General Counsel and Air Force lawyers, as well as client constituencies.

Question (10). What is your understanding of the action that a Department of the Air Force attorney should take if the attorney becomes aware of improper activities by a client and the client is unwilling to follow the attorney's advice? Are there formal Departmental procedures that guide the attorney in addressing such a situation?

Answer. Except in the intelligence oversight area, I am not aware of written Departmental procedures on this subject. Questionable intelligence activities must be identified, investigated and reported in accordance with Executive Order 12333 and DOD Regulation 5240.1R.

In other circumstances, the attorney should be guided by applicable professional ethical standards, including the Federal Ethical considerations promulgated by the Federal Bar Association pursuant to the Code of Professional Responsibility of the American Bar Association. Illegal or unethical conduct should be disclosed to the attorney's supervisor or other appropriate departmental official for appropriate action. If the client is simply unwilling to follow legal advice, it may be appropriate to request review at higher levels of authority to ensure that the legal ramifications of the client's action are understood and given proper consideration in decision-making.

Question (11). What steps should the General Counsel take to ensure that the position taken by Air Force components before judicial and administrative tribunals on the interpretation or validity of statutes and rules is consistent with the views of the Secretary of the Air Force and the Secretary of Defense?

Answer. The General Counsel should consult with the Secretary of the Air Force regarding the Secretary's views and the implications for the Air Force of legal positions to be taken regarding the interpretation or validity of statutes. The General Counsel should maintain liaison with other DOD components and with DOD General Counsel for information and advice regarding significant litigation that may affect materially the administration of other DOD components or the legal basis of an activity of the DOD, as set forth in DOD Instruction 5030.7. I understand that Air Force attorneys are aware of the need to identify and obtain guidance on sensitive cases and routinely report to the General Counsel.

[The nomination reference of Ann C. Petersen follows:]

NOMINATION REFERENCE

As in Executive Session,
Senate of the United States,
October 3, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Ann Christine Petersen, of Illinois, to be General Counsel of the Department of the Air Force. (New Position—P.L. 100-456).

[The biographical sketch of Ann C. Petersen, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF ANN C. PETERSEN

Professional Experience.

1976 to present. Wildman, Harrold, Allen & Dixon, One IBM Plaza, Suite 3000, Chicago, Illinois 60611.

Partner, specializing in litigation, experienced in:

- practice before state and federal courts in Illinois and elsewhere, and various local governmental bodies, state and federal administrative agencies;
- resolving disputes involving antitrust, contracts, employment, insurance, negligence, products liability, professional liability, real estate, and toxic torts;
- supervising on a nationwide basis the resolution of recurrent claims;
- advising not-for-profit organizations and trade associations on management matters;
- counselling regarding antitrust law compliance;
- advising directors regarding corporate governance;
- advising corporate management regarding employment practices;
- reviewing insurance contracts and advising as to coverage and limitation of liabilities; and
- drafting consumer banking and credit documents and advising as to banking policies.

Served on firm's committee responsible for associate development and for in-house continuing legal education, on firm's assignment committee, on firm's committee responsible for library and reference resources; member of firm's antitrust, commercial litigation, employment law and product liability practice groups; leader of firm's alternative dispute resolution group.

Professional Activities:

Admitted to practice in Illinois, before the United States District Court for the Northern District of Illinois (trial bar member), and the United States Court of Appeals for the Seventh Circuit.

Member, American Bar Association (Sections of Antitrust, Litigation, and Economics of Law Practice), Illinois State Bar Association, Chicago Bar Association, and Women's Bar Association of Illinois.

Member, Legal Club of Chicago 1988 Officer Nominating Committee.

Adjunct Faculty, DePaul University College of Law, 1987, Employment Discrimination Law.

Member, Chicago Bar Association Continuing Legal Education Committee, 1986–1988.

Member, Continuing Legal Education Advisory Council, Illinois Institute of Technology-Kent College of Law, 1986–1988.

Community Involvement:

Counsel, Chicago Chamber Music Alliance.

President, Woman's National Republican Club of Chicago.

Director, Business Executives for National Security.

Member, Fourth Presbyterian Church of Chicago, Congregational Care Committee; AIDS Task Force.

Education:

B.A., with highest distinction and with honors in Political Science, University of Iowa (1973); Phi Beta Kappa.

J.D., *cum laude*, University of Michigan (1976); Junior Clerk and Senior Judge, Writing and Advocacy Program; Library Assistant, University of Michigan Law Library.

Other Employment:

Rosenberger, Petersen & Conway, Law Clerk, Summer 1974.

United States Department of State, Summer Intern, 1973, 1972, 1971.

United States Capitol Historical Society, Summer Intern, 1970.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Ann C. Petersen in connection with her nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTION TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (include any former names used.)

Ann C. Petersen.

2. **Position to which nominated:**

General Counsel, Department of the Air Force.

3. **Date of nomination:**

October 3, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

December 25, 1950, Muscatine, Iowa.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married, Bruce H. Weitzman.

7. **Names and ages of children:**

None.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Muscatine High School, 1966–1969, Diploma 1969.
University of Iowa, 1969–1973, B.A. 1973.
University of Michigan Law School, 1973–1976, J.D. 1976.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Associate, Wildman, Harrold, Allen & Dixon, 1976–1982.
Partner, Wildman, Harrold, Allen & Dixon, 1983–1989.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Summer Intern, Department of State, 1971, 1972, 1973.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Partner, Wildman, Harrold, Allen & Dixon.
Director, Business Executives for National Security Education Fund, Inc.
Director (Honorary), Republican Heritage Foundation.
Elder, Fourth Presbyterian Church of Chicago.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Memberships:

American Bar Association—
    Section of Litigation;
    Section of Economics of Law Practice;
    Section of Antitrust; Member, Trade Association Committee.
Illinois State Bar Association.
Chicago Bar Association.
Women's Bar Association of Illinois.
Legal Club of Chicago.
University of Iowa Alumni Association.
University of Michigan Alumni Association.
Art Institute of Chicago.
Smithsonian Associates.
Field Museum of Natural History.
Hoover Presidential Library Association.
Chicago Area Runners Association.
United States Capitol Historical Society.
Old Town School of Folk Music.
Chicago Council on Foreign Relations.
Civic Club of Chicago.
Museum of Science and Industry.
Chicago Historical Society.
Terra Museum of American Art.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

Political party offices held: President, Woman's Republican Club of Chicago; Committeewoman, 42nd Ward Regular Republican Organization.

Public Office: None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Memberships:

42nd Ward Regular Republican Organization.
43rd Ward Republican Organization.
Cook County Republicans.
Illinois Republican Party.
National Federation of Republican Women.
Illinois Federation of Republican Women.
Woman's National Republican Club of Chicago.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Business Partners, Inc., 11/1/88 $125; 12/21/88 $220.
Citizens for Catania, 5/19/86 $100.
Citizens for Edgar, 2/9/89 $100.
Cook County Republicans, 8/28/88 $100; 4/27/89 $250.
42nd Ward Regular Republican Organization, 6/6/88 $150; 8/31/88 $150; 3/19/88 $500.
Haider for Mayor Committee, 3/31/87 $100.
Illinois 1989 Presidential Inaugural Committee, 11/28/88 $100; 1/4/89 $150; 1/9/89 $100.
Illinois Republican Party, 1/27/89 $250.
Illinois Victory 1988, 9/19/88 $250.
Lakefront Campaign Committee, 10/27/88 $100.
Republican Heritage Foundation, 5/9/89 $100.
Republican Mainstream Committee, 4/10/86 $110; 8/17/88 $250.
Republican Women's Network, 1/30/89 $105.
Ripon Society, 12/5/88 $100; 6/14/89 $100.
Woman's National Republican Club, 5/31/88 $125.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

1969 National Honor Society.
1969 State of Iowa Scholar.
1969 University of Iowa Merit Scholarship for Freshmen.
1969 College of Liberal Arts, Academic Achievement Award.
1970 Alpha Lamada Delta.
1972 Phi Beta Kappa.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I understand that Secretary of the Air Force Donald F. Rice, recommended me, and that he believes I would do a good job representing the Department of the Air Force as its General Counsel. I believe he sees that I have the professional qualifications, skills, talents and experience to do a good job in this legal position.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe my professional legal training, law firm experience, and prior client representations qualify me for this appointment. In addition, as a student and as a concerned citizen, I have had an active interest in national security issues. I have served on the board of a national non-profit educational organization of business people who have an interest in national security affairs.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Ann C. Petersen.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.)

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.)

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

ANN C. PETERSEN.

This 29th day of June, 1989.

[The nomination of Ann C. Petersen was reported to the Senate by Senator Sam Nunn on November 16, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

[Prepared questions submitted to Craig S. King by Senator Nunn prior to the hearing with answers supplied follow:]

OCTOBER 27, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your congratulations regarding my nomination by President Bush to serve as General Counsel for the Department of the Navy. Enclosed are my responses to the questions you asked regarding defense policy and management issues. I look forward to the opportunity to appear before the Committee.

Sincerely,

CRAIG S. KING.

Enclosure.

Question (1). Should you be confirmed as General Counsel, what functions do you expect that Secretary Garrett will prescribe for you?

Answer. As provided by Secretary of the Navy Instruction 5430.25D, the General Counsel is the principal legal advisor to the Secretary and the other Civilian Executive Assistants on any matters they direct to him. He is the head of the Office of the General Counsel, which is responsible for providing legal services to the Department of the Navy in the fields of business and commercial law; intellectual property law; and, with the Judge Advocate General, civilian personnel law and environmental law; and for handling claims and litigation arising in these areas. In addition, the General Counsel is the designated agency ethics official and in that capacity is responsible for administration and enforcement of standards of ethical conduct. (The Judge Advocate General, by Secretary of the Navy Instruction 5430.27A, is responsible for military justice and military law and other legal services not provided by the General Counsel.)

Question (2). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the amendments to the Act relating to special operations forces and low intensity conflict, and the Packard Commission.

a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

Answer. I am fully committed to the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986. I am also committed to the complete and effective implementation of the Packard Commission recommendations.

b. From the General Counsel's perspective, what are the central issues in implementation of the Goldwater-Nichols Department of Defense Reorganization Act that should receive frequent monitoring by the Navy's legal community?

Answer. I believe the Navy's legal community should monitor the assignment of organizational responsibilities in accordance with the Act, efforts to streamline the acquisition process, and efforts to bring greater stability to the process of funding defense programs.

c. What responsibilities will be assigned to the General Counsel in terms of implementing NSR-11 (the Defense Management Review)?

Answer. I am advised that Secretary Garrett has created a task force to develop plans for implementing the Defense Management Report, and that lawyers from the Office of the General Counsel have been active participants in all task force activities. I would anticipate that the Office of the General Counsel will provide similar legal support across the full range of Defense Management Report activities as planning and implementation continue.

Question (3). If you are confirmed, what will be your top priorities as General Counsel in terms of substantive problems facing the Department of the Navy?

Answer. My priorities will depend largely upon Secretary Garrett's priorities in addressing the substantive problems facing the Department of the Navy. I would expect, however, that work in the procurement arena will continue to require the largest commitment of resources from the Office of the General Counsel. In addition, I anticipate that increased efforts from the Office of the General Counsel will be required to support the Department's compliance with environmental laws and regulations. Education and counseling regarding compliance with standards of ethical conduct also will be given high priority.

Question (4). In the private sector, lawyers are increasingly involved in the concept of preventive law—working with the clients to identify and prevent illegal or questionable practices before serious problems arise. Based upon your experience in private practice, what practices can the Department of the Navy initiate to involve the Department's lawyers closely with the policy process in terms of providing such preventive law assistance?

Answer. In my experience, preventive law depends largely upon the lawyer and client working closely together so that (i) the lawyer knows the client's operations and is sensitive to operational needs and concerns and (ii) the client comes to better understand the value of legal advice in efficiently and properly accomplishing objectives, and is educated and made sensitive regarding legal matters. I have been pleased to learn that the Office of the General Counsel is organized to facilitate this type of close working relationship. If confirmed, I will look for additional ways to promote strong relationships between our lawyers and clients.

Question (5). Although the "Ill Wind" investigation has not been completed, a great deal of information has been made public as a result of the cases prosecuted to date.

a. What lessons have been learned from the information that has been made public about the "Ill Wind" investigation?

Answer. While I have not been privy to any non-public information concerning the "Ill Wind" investigation, I am generally familiar with media accounts regarding the investigation. Although the picture is by no means complete, I believe that certain conclusions can be drawn from what has been disclosed publicly. First, in any large organization there may be some individuals who try to cheat, and therefore there is a need for vigilance in ferreting out wrongdoing and minimizing opportunities for abuse. Second, in this connection it is important not only to decry wrongdoing, but also to commend those investigators and lawyers in government who uncover abuse and bring wrongdoers to justice. And third, it is important to provide incentives for the defense industry itself to embrace and enforce high standards of ethical conduct.

b. What procedures should the General Counsel take to assess the results of that investigation in terms of Department of the Navy acquisition practices?

Answer. I am advised that Secretary Garrett established a Department of the Navy task force to handle the Department's involvement in the "Ill Wind" investigation and to assess the results of the investigation in terms of Department of the Navy acquisition practices. Lawyers from the Office of the General Counsel have been actively involved in task force activities. I understand that as a result of the task force's assessment, a number of changes to acquisition practices have been proposed. Until I have had an opportunity to become more familiar with the work and recommendations of the task force, I am unable to address whether additional procedures may be appropriate.

c. Do you anticipate any significant legislative or regulatory changes resulting from an assessment of the "Ill Wind" investigation? If so, please describe the areas of concern and the timetable for addressing such issues.

Answer. I understand that some significant changes have been undertaken as a result of assessment of the "Ill Wind" investigation. For example, I understand that the procurement integrity provisions of the Office of Federal Procurement Policy Act Amendments of 1988 were enacted, in part, as a response to the "Ill Wind" investigation. Until I have had the opportunity to evaluate more fully the changes that already have been undertaken, I will not be in a position to recommend additional changes.

Question (6). Please describe your understanding of both the formal and informal relationships between the General Counsel and each of the following:

a. The General Counsel of the Department of Defense.

Answer. The General Counsel of the Department of Defense is the chief legal officer and final legal authority for the Department. I understand that on matters affecting the Department of the Navy there is close coordination and cooperation between the General Counsel of the Department of Defense and the General Counsel of the Department of the Navy. This interaction occurs in a formal monthly meeting and informally as matters of interest arise. If confirmed, I look forward to working closely with DOD General Counsel.

b. The Judge Advocate General of the Navy.

Answer. I understand that there is a cooperative, professional relationship between the General Counsel and the Judge Advocate General. This is particularly evident in the areas of civilian personnel law and environmental law where attorneys of both organizations are called upon to render legal advice to their respective clients. Such cooperation is essential to ensure consistency of the legal advice provided throughout the Department of the Navy.

c. The Special Assistant to the Secretary for Legal and Legislative Affairs.

Answer. It is my understanding that the Special Assistant to the Secretary for Legal and Legislative Affairs provides legal services to the Secretary under the cognizance of the Judge Advocate General, and routinely consults with the Office of the General Counsel on matters of significance and common interest.

d. The Special Counsel to the Chief of Navy Operations.

Answer. It is my understanding that the Special Counsel to the Chief of Naval Operations provides legal services under the cognizance of the Judge Advocate General.

e, f. The Staff Judge Advocate to the Commandant of the Marine Corps; the Counsel for the Commandant of the Marine Corps.

Answer. The Staff Judge Advocate is the senior uniformed lawyer on the staff of the Commandant, and responsible for advising him on matters of military law and military justice. The Counsel for the Commandant of the Marine Corps and his subordinate attorneys are members of the Office of the General Counsel, and keep the General Counsel apprised of matters of significance. Together, the Staff Judge Advocate and the Counsel for the Commandant of the Marine Corps are responsible for providing legal service to the U.S. Marine Corps in their respective areas of responsibility. I am advised that these attorneys cooperative fully to ensure consistency and efficiency in providing legal services.

Question (7). Are any changes needed in the relationships described in your response to the previous question?

Answer. I am advised that the relationships described above seem to be working well. I am aware of no problems that would warrant changes at this time. However, I believe that consistent legal advice within the Department of the Navy is very important, and, if confirmed, will strive to ensure continued cooperation between these offices.

Question (8). If confirmed, will you be the final legal authority on all legal matters within the Department of the Navy? If not, please describe the matters on which you will not be the final legal authority and for each such matter specify the official who will act as the final legal authority.

Answer. I will be the final legal authority within the Department of the Navy on all matters that are not committed specifically by statute or regulation to the Judge Advocate General. Pursuant to Secretary of the Navy Instruction 5430.27A, the Judge Advocate General is responsible for military justice, military laws and other legal services not provided by the General Counsel.

Question (9). How will you ensure that authoritative opinions issued by final legal authorities are made available to lawyers in the various components of the Department of the Navy?

Answer. I believe it is important for purposes of consistency and efficiency to ensure that authoritative legal opinions and other important attorney work product are made available to lawyers throughout the Department of the Navy. I am advised that a number of mechanisms for accomplishing this are currently in place within the Office of the General Counsel: opinions and other written materials are distributed by the central office and command counsel; each week the General Counsel meets with central office and command counsel as a group to discuss important pending legal issues; and as part of the continuing legal education program field counsel are assembled periodically for briefings on important legal issues. I am advised that the Judge Advocate General has a separate system for distributing authoritative legal opinions to the lawyers in that organization. If confirmed, I will be sensitive to identifying opportunities to improve consistency and efficiency in rendering legal services.

Question (10). What is your understanding of the action that a Department of the Navy attorney should take if the attorney becomes aware of improper activities by a client and the client is unwilling to follow the attorney's advice? Are there formal Departmental procedures that guide the attorney in addressing such a situation?

Answer. It is my understanding that the Office of the General Counsel is organized in such a way that there is a clear line of professional responsibility to the General Counsel and, in turn, to the Secretary of the Navy—and that thus each attorney is understood to serve as a representative of the Secretary. Under this organizational structure, each attorney is responsible for assisting in the uniform implementation of Departmental policies and has a ready avenue for the referral of matters that cannot be satisfactorily resolved at the local level, or that the attorney feels need to be drawn to the General Counsel's attention. While not addressed in procedural regulations, I am told these professional responsibilities are a part of every new attorney's training and are very well understood by attorneys and clients.

Question (11). What steps should the General Counsel take to ensure that the position taken by Navy components before judicial and administrative tribunals on the interpretation or validity of statutes and rules is consistent with the views of the Secretary of the Navy and the Secretary of Defense?

Answer. The General Counsel should ensure that significant matters involving interpretation or validity of statutes and rules are brought to the attention of the Secretary of the Navy and that a position is formulated. With regard to ensuring that the views of the Secretary of Defense are taken into account, I am advised that Department of Defense Instruction 5030.7 requires consultation with the General Counsel of the Department of Defense "concerning all significant court actions conducted by the Department of Justice at the trial or appellate stage." I would expect to consult with the General Counsel of the Department of Defense not just on Navy cases being handled by the Department of Justice, but on any matter that reasonably could be expected to be of interest to him or the Secretary of Defense.

[The nomination reference of Craig S. King follows:]

NOMINATION REFERENCE

As in Executive Session,
Senate of the United States,
September 6, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Craig S. King, of Virginia, to be General Counsel of the Department of the Navy, vice Lawrence L. Lamade, resigned.

[The biographical sketch of Craig S. King, which was transmitted to the committee at the time the nomination was referred, follows:]

Biographical Sketch of Craig S. King

Education:

1980—Georgetown University Law Center, J.D.

Law Review: Editor, Law & Policy in International Business.

Publication: Administrative Survey: October 1977 to September 1978, Internal Revenue Service, 11 Law & Pol'y Int'l Bus. 277 (1978).

1977, Brigham Young University, B.A., magna cum laude.

Experience:

1985--Sidley & Austin, Washington, D.C.

Associate.

Antitrust: Litigation involving pre-divestiture Bell System activities; Litigation involving provision of long distance telephone service to and from Alaska; advice regarding horizontal and vertical aspects of railroad transport of coal; advice regarding potential horizontal and vertical restraints in the trucking industry; advice regarding "essential facilities" aspects of a litigation involving the transport of iron ore.

Corporate finance/accounting: arbitration involving about $500 million in claims by AT&T and US West for compensation to offset change in net cash flows caused by Bell System divestiture. Litigated impact of divestiture on accounts of both companies.

Other: advice regarding certain telecommunications matters; defense against labor union challenges to railroad short line sales; advice regarding contracts with Navy; arbitration involving manufacturing contract in telecommunications industry; advice regarding treatment of frozen Iranian assets; advice regarding election laws.

1980-85—Dewey, Ballantine, Bushby, Palmer & Wood, Washington, D.C.

Associate.

Antitrust: Litigation resulting in Bell System divestiture; numerous private actions stemming from Bell System divestiture case; Chrysler's challenge to GM/Toyota joint venture; Cyclops Steel's challenge to LTV/Republic merger; advice regarding development of certain industry performance standards.

Worked for Special Counsel to House Committee on Standards of Official Conduct investigating charges of illicit sex and drug activities on Capitol Hill (stemming from allegations involving House pages). Involved primarily in drug-related aspects of investigation, report and hearings.

Other: Litigation involving challenge to Coast Guard licensing of tanker; litigation involving treatment of retiree health benefits upon plant closing; litigations involving dump site cleanups under environmental laws; advice regarding ethical conduct in certain dealings with government; advice regarding litigation involving IRS challenge to a $666 million tax deduction; advice regarding election laws.

1982—Republican Senatorial Campaign Committee.

Unpaid Consultant.

Assisted the Executive Director in conducting and analyzing polls and in developing strategy for the 1982 election.

1980—Reagan/Bush Campaign Committee.
Director of Survey Research.
Supervised and analyzed national and state polls.
Assisted in developing campaign strategy.
1977-80—Decision Making Information, Los Angeles and Northern Virginia.
Research Associate/Consultant (Full- and Part-Time.
Conducted polls and helped develop campaign strategy for Senate, House and Governor races.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Craig S. King in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Craig Stephen King.

2. **Position to which nominated:**
General Counsel of the Navy.

3. **Date of nomination:**
September 6, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
February 4, 1953, American Fork, Utah.

6. **Marital status:** (Include maiden name of wife or husband's name.)
Married to Janet Rae Smead.

7. **Names and ages of children:**
Ryan Wesley King, 11; Michelle Anna King, 6; Jennifer Christine King, 3.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
American Fork High School. Attended: 1967-71.
Brigham Young University. Attended: 1971-72, 1974-77. B.A., magna cum laude, granted in April 1977.
Georgetown University Law Center. Attended: 1977-80. J.D. granted in May 1980.

9. **Employment record**: List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Dates	Title/description	Employer
October 1985 to present	Attorney/associate	Sidley & Austin, 1722 Eye Street, NW., Washington, DC 20006.
November 1980 to October 1985	do	Dewey, Ballantine, Bushby, Palmer & Wood, 1775 Pennsylvania Ave., NW., Washington, DC 20006.
May 1980 to November 1980	Director of survey research	Reagan/Bush Committee, 901 South Highland St., Arlington, VA 22204.
January 1980 to May 1980	Research associate	Decision Making Information, 5317 Lee Highway, Arlington, VA 22207.
June 1978 to January 1980	Law clerk	Sherman, Fox, Meehan & Curtin 1900 M Street NW., Washington, DC 20036.

I also worked off-and-on for Decision Making Information as a consultant and Research Associate from 5/77 through 12/79. The bulk of this was part-time work while in law school.

10. **Government experience**: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships**: List all memberships and offices currently held in professional, fraternal, scholarly civic, business, charitable and other organizations.

Member, District of Columbia Bar.

Member, American Bar Association.

President, Quorum of Elders, McLean Ward, Church of Jesus Christ of Latter-Day Saints (Mormons).

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political party or election committees during the last 5 years.

Bush/Quayle '88: Worked directly with George Bush in preparing for primary and general election debates; worked with Robert Teeter and others in developing campaign strategy; involved in issues development.

Member, Republican Party.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards**: List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Law Review: Editor, Law & Policy in International Business.

Honor Society of Phi Kappa Phi.

Undergraduate academic scholarships.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Administrative Survey, October 1977 to September 1978, Internal Revenue Service, 11 Law & Policy Int'l Bus. 277 (1978).

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe because of my professional abilities demonstrated during nine years of legal practice with two major law firms.

(b) What do you believe in your background or employment experience affirmatively qualified you for this particular appointment?

I will bring to the job a broad-based litigation and business counseling background. I have represented AT&T in a variety of antitrust matters and in connection with Bell System divestiture. In addition, I have worked with a number of companies in the automobile, steel, railroad and natural gas industries in connection with efforts to restructure costs, improve efficiency and become more competitive. Also, I have specific experience with matters involving defense procurement, compliance with environmental regulation, and government ethics. These experiences have direct application to the legal issues that confront the Navy.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee executive files and will not be made available to the public unless specifically directed by the committee.

Name: Craig S. King.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a

foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

CRAIG S. KING.

This 6th day of July, 1989.

[The nomination of Craig S. King was reported to the Senate by Senator Sam Nunn on November 16, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

NOMINATIONS OF CHRISTOPHER JEHN TO BE ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL; G. KIM WINCUP TO BE ASSISTANT SECRETARY OF THE ARMY FOR MANPOWER AND RESERVE AFFAIRS; AND BARBARA S. POPE TO BE ASSISTANT SECRETARY OF THE NAVY FOR MANPOWER AND RESERVE AFFAIRS

THURSDAY, NOVEMBER 9, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:42 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Exon, Dixon, Glenn, Warner, Thurmond and Lott.

Also present: Representative Aspin, Representative Dickinson, and Representative Montgomery.

Committee staff members present: Arnold L. Punaro, staff director; Andrew S. Effron, general counsel; Richard D. DeBobes, counsel; Christine C. Dauth, chief clerk; Marie Fabrizio Dickinson, assistant chief clerk; and Daniel G. Sakura, research assistant.

Professional staff members present: Robert E. Bayer, John J. Hamre, David S. Lyles, Michael J. McCord, and Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; George K. Johnson, Jr., George W. Lauffer, Durwood W. Ringo, Jr., and Mark B. Robinson, professional staff members.

Staff assistants present: Barbara L. Braucht and Debra A. Rice.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Charles C. Smith, assistant to Senator Dixon; Phillip P. Upschulte, assistant to Senator Glenn; Terrence M. Lynch, assistant to Senator Shelby; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee will come to order.

The committee meets today to consider the nominations of Mr. Christopher Jehn to be Assistant Secretary of Defense for Force

Management and Personnel; Mr. Kim Wincup to be Assistant Secretary of the Army for Manpower and Reserve Affairs; and Mrs. Barbara Pope to be Assistant Secretary of the Navy for Manpower and Reserve Affairs.

With today's action, the committee will have conducted hearings on all pending DOD nominations. As I indicated on Tuesday, it is my intention to vote on all of these nominees next week.

I also want to welcome the family members in the audience, Mr. Jehn's wife, Mary Ellen, and their daughter, Andrea; if you will hold up your hands. We are delighted to have you.

Mrs. Pope's husband, James, is here; glad to have you, James.

Mr. Wincup's wife, Pam, and their sons, Todd and Bret are here; we are delighted to have you. I normally see Todd on the tennis courts, and I am glad to have you here today, Todd.

Before we get into the testimony and questioning of our witnesses, I want to take just a moment to discuss the scope of the responsibilities associated with the positions to which they have been nominated.

The positions to which our witnesses have been nominated are among the most important in the Department of Defense. The military personnel account alone for fiscal year 1989 is authorized and funded at $78 billion or 25 percent of the defense budget. When you include civilian personnel training and other related personnel support costs, manpower takes up over 45 percent of the defense budget.

Defense manpower officials must be sensitive to the needs of our men and women in uniform and their families. At the same time, they must be careful and prudent managers of this large area of the defense budget.

From the standpoint of strength levels, the Department of Defense has 2.2 million military people on active duty, 1.7 million in the Reserves, 1.2 million civilian employees, and 2.9 million dependents of active duty military personnel to plan and program for; roughly 5 million uniformed personnel and 3 million dependents.

This enormous responsibility multiplies when you add to the fact that our military personnel are deployed worldwide. Roughly 40 percent of our active duty forces are stationed outside the continental United States.

When I became chairman of the Manpower and Personnel Subcommittee in 1974 I learned firsthand that our men and women in uniform and their families are the heart and soul of our defense capabilities. There is no more important area, and these positions are among the most important in the Defense Department. I am sure all of our nominees know that.

Each of our nominees today has excellent experience in defense manpower management. Mr. Jehn has held various positions in the Center for Naval Analyses since 1972 and has done work on manpower issues involving recruiting and compensation. He has a sound analytical background for the position to which he has been nominated.

It is very important that the Office of the Secretary of Defense exercises civilian control responsibilities over the military departments in setting manpower policies and overseeing their implementation.

Mrs. Pope is being nominated from her current position as Deputy Assistant Secretary of Defense for Family Support, Education and Safety where she has been responsible for very important and wide-ranging duties. She has served in this position over the last 3½ years and previously served on the staff of one of our real favorites around here, Senator Barry Goldwater, former chairman of the committee.

Kim Wincup is no stranger to this committee. Kim has been on the staff of the House Armed Services Committee since 1974 and has been a staff director since 1984. Kim and all of us on the Armed Services Committee here have worked very closely together since the early 1970s when he was Counsel to the Manpower and Personnel Subcommittee and I was chairman of the Senate Manpower Subcommittee.

Kim has a deep respect and devotion for the men and women of our military services, and he has an excellent knowledge of defense manpower policies. As a matter of fact, when we get into any kind of difficulty with the House we usually have to go to Kim to find out the real answers.

We are delighted, Kim, to have you here. You have a few of your sidekicks with you today. We are glad you brought them around today, and we will get to them in a minute.

I am delighted the President has nominated Kim to this important position because the Senate will no longer be the victim of his hardnosed and unyielding bargaining tactics in conference every year. [Laughter.]

I want to ask Kim about some of the adversarial positions the House took in the DOPMA legislation from 1974 through 1980 to see if he has changed his views now that he is seated at the end of our witness table.

I also have some really personal and rather selfish regrets that Kim's wisdom and talents will no longer be employed in the service of the Congress of the United States. We look forward to working with him in his new job. We will now have to find another source of knowledge in the House of Representatives.

All three of our nominees will receive their baptism by fire the first day they report for duty at their new jobs in the Pentagon.

Yesterday our committee had hearings on the effects of a full year's sequester on the Department of Defense. Since the President chose not to exempt military personnel from the sequester, the military personnel accounts face the alarming prospect of a $3.4 billion sequester in this fiscal year which has already started. We will have some questions for our witnesses on this and other manpower issues.

After we hear the introduction and hear from our nominees, I will turn the chair over to Senator Glenn for any questions he may ask. Before doing so, however, I want to see if Senator Warner has any opening remarks. Then we will call on our very distinguished Members of the House who are here today to introduce the particular nominees with whom they have an affiliation. Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman. We welcome Ms. Pope, Mr. Jehn, Mr. Wincup and the distinguished Members from the House.

Ms. Pope, are we not about to make history here?

I was trying to think back. I had the privilege and the honor of nominating the first woman to become an admiral in the U.S. Navy, and so far as I know you would be the first to be joining the Navy Secretariat.

Ms. **Pope**. Yes, Senator, I will be the first.

Chairman **Nunn**. The Navy has been pretty far behind in this as well as other areas.

Senator **Warner**. I know that.

Kim, I suppose if ever there was a man who was able to come up here and stand on his own two feet without any support, it is you. Somewhere in there you felt you needed a little support; is that it?

Mr. **Wincup**. Yes, sir. Cover is what I needed.

Senator **Warner**. Well, he has it in spades, that is for sure.

Thank you very much. I welcome all of you, and on behalf of the citizens of this country who receive the benefit of your services, we are grateful that you have stepped up and accepted the President's nomination. The President is to be commended; you are to be commended. You have my support.

Thank you very much, and I welcome our Members from the House.

Chairman **Nunn**. Thank you, Senator Warner.

Senator **Dixon**. Mr. Chairman.

Chairman **Nunn**. Senator Dixon.

Senator **Dixon**. May I just advise the Chair that like my colleague from Ohio, I do have some brief questions of Mr. Jehn and Mr. Wincup.

I do want to observe that I was favorably disposed to all three nominees, but is this the best they can do in character witnesses, Mr. Chairman? [Laughter.]

Chairman **Nunn**. Well, I tell you, they just passed the defense authorization conference, so I guess we ought to be easy on them today.

Let me call on our good chairman from the other side, Congressman Aspin, and then I will call on Representative Dickinson and then Representative Montgomery. We are delighted to have all of you here today. We are delighted the conference is over and you are here in a different capacity. Frankly, we had gotten kind of tired of being with you for a while there, and I know it was mutual.

We are delighted to have you here, Les. I know you have some remarks you would like to make.

STATEMENT OF HON. LES ASPIN, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. **Aspin**. Thank you very much, Mr. Chairman. Let me say that I did not think I would be seeing all your smiling faces again quite so soon, and it is a very great pleasure as always to see all your friendly faces and the friendly faces of the devious staff that you have that works for you.

Let me say that I am over here today to talk about the nomination that has been offered to Kim Wincup, and I do it with a number of different emotions.

The first emotion is a great deal of enthusiasm for the appointment itself. I know of no one who would be more qualified and a better person for this kind of a job than Kim Wincup. So I really am enthusiastic about it.

It is also, though, an emotion of a certain amount of concern that anybody who knows as much about the way we work is now going to join the administration in the Pentagon. So I am concerned about that.

The third emotion that I have is sheer fright; that is, what are we going to do if he is not there. That really is a concern. We are going to miss him very, very much. I think Bill Dickinson and Sonny Montgomery will confirm that. All of us on the committee are going to miss him, and I especially am going to miss him because he is a very, very valuable person and one that I relied on a great deal.

In any case, I think that, at another level, the Army is going to get what it deserves. The guy who has brought together, straightened out and made rational our defense budgets in the House is now going to be over working the manpower in the Army. The guy who has cleaned up the mess in the House of Representatives is now going to go over and clean up the mess in the Army. I think that is going to be a very great plus.

We hope that you guys approve it.

Chairman NUNN. We are not sure he is quite finished with his first job. [Laughter.]

Mr. ASPIN. The implications of that, Senator, were that he was finished. I was trying to get him out the door here.

Senator LOTT. I did have positive feelings about him, Mr. Chairman.

Mr. ASPIN. Anyway, we want to say that at least on behalf of all of us on the Armed Services Committee, we heartily endorse the appointment. We think he is a very, very great man. We are sorry to see him go, but we are happy that he is going to be working for a good cause.

Thank you.

Chairman NUNN. Thank you very much, Congressman Aspin.

Representative Dickinson.

STATEMENT OF HON. WILLIAM L. DICKINSON, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. DICKINSON. Thank you, Mr. Chairman. I always like to see another lawyer do well. In my opinion, Kim has performed extremely well in his role in almost 16 years in the House, and he will leave a void when he leaves us.

I cannot help, in view of the pending sequester threat, thinking about Kim. It brings to mind the time when I was a city judge, and one of the defendants came before us. He was charged with destroying private property. As it turned out, he was in a flophouse, and he had set a mattress on fire. The owner of it had him arrested because he was drunk, and they got him out.

When asked was he guilty of setting a mattress on fire, he pled not guilty, and he said, "Judge, it was on fire when I got in the bed." [Laughter.]

So I think when Kim goes over to the Pentagon and has to deal with the manpower cuts that we are faced with, the bed is on fire now, and if he gets in it, it is his own fault.

I do want to say that I have enjoyed working with Kim. There is no one on the staff or on the Hill, for that matter, for whom I have a higher regard, and I am sure this holds true for all of the members.

We are supposed to have a nonpartisan staff, and hopefully it will remain that way. Certainly as staff director, Kim has done his utmost and has treated his job as a nonpartisan job. I had no hesitancy at any time to go to Kim with something of a confidential nature or otherwise. I knew that he would treat it as such, and he would deal with the minority the same as he did the majority; in an even, openhanded fashion.

He is an asset to our committee, and he will certainly be an asset to the Department of Defense when he goes over and joins the Army. I am very pleased and honored to be asked to come and say a few words in his behalf.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you very much, Bill. We are delighted and honored to have you here. We are also delighted to have Representative Sonny Montgomery. Sonny.

STATEMENT OF HON. G.V. "SONNY" MONTGOMERY, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I asked Kim, are you sure you want me to be a witness over there today after this conference report? He said yes, I still want you.

Thank you for giving me this opportunity. It is really like coming to the choir here, preaching about Kim Wincup. You know him almost as well as we do on the House side. You know he is a gentleman. You know that people like him. You know he is very capable, as you have said, Mr. Chairman.

I was on the Personnel Subcommittee back in the 1970s when we really had the hollow Army and we had a lot of problems in the volunteer system. Kim Wincup was the General Counsel for the Subcommittee on Personnel on the House side in the military. He really gave us a lot of guidance, and we have come a long way in our military, especially in personnel. Kim had a lot to do with it, and now he is going to be the Assistant Secretary of the Army for Manpower and for Reserve Affairs. He has experience, Mr. Chairman and members of this committee.

As someone said earlier, I think it is a plus for our country that the three people here today who have accepted these positions will take them and will do a good job. I certainly hope that Kim can be confirmed. If we do get out of here in the next 10 days, it would be important, I believe, to have him on the job doing the work.

Thank you for this opportunity.

Chairman NUNN. I agree with you.

I thank all three of you for being here. We also have a friend of Kim's in the audience here who is the reason we lose all the issues in conference with the House. Anytime they want the parliamentarian to rule something out of scope, all they have to do is have Kim pick up the phone and call his friend, Charlie Johnson. Charlie says that is out of scope, the House cannot bring it back. So that is the reason we lose on most issues.

Charlie, we are glad to have you here. I know you are a good friend of Kim's, and we are honored to have you.

Senator WARNER. Mr. Chairman, before you depart, would you kindly allow this member to add my most sincere appreciation to you, Mr. Chairman, and to Mr. Dickinson and to a lesser extent to Mr. Montgomery because of the Guard and Reserve——

[Laughter.]

Senator WARNER [continuing]. For your leadership during the course of the conference. It was against a backdrop of a most difficult situation. Certainly, for the chairman and I and others who have had the privilege of working with you that you rose to the task; it was difficult, and I congratulate both of you on getting that bill through the House today. That is real leadership.

Mr. ASPIN. Thank you, Senator.

Chairman NUNN. I agree with you. We are grateful to you. We are pleased and honored to have you. We hope you come back to see us more often.

Senator WARNER. Mr. Chairman, we would like to have all present and former staff members of the House Armed Services Committee rise just for recognition in terms of volume. There are quite a few here, are there not?

Chairman NUNN. How many have we got?

Senator WARNER. We are glad to have you.

[Applause.]

Chairmann NUNN. We are delighted to have all of you.

Mr. ASPIN. You still outnumber us.

Chairman NUNN. No, we do not.

Thank you all for coming. We appreciate it.

Next we have Senator Lott, who would like to also make an introduction here today. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. I want to say as they are leaving also how glad I am to see the three gentlemen from the other body.

Senator Warner, that was not what you were saying about those three earlier today.

Senator WARNER. No, they are gone now. [Laughter.]

Senator LOTT. I do want to congratulate all three nominees today, Mr. Jehn; and to you, Mr. Wincup, congratulations. You deserve some relief from what you have been doing. I hope this is considered a promotion. I know it is, but after what you have had to deal with with my old buddies and friends in the other body, you deserve this opportunity to go over and get in this bed that is on fire. I know you will do a great job, Kim. Good luck to you.

It is my pleasure today to introduce Barbara Spyridon Pope to be the Assistant Secretary of the Navy for Manpower and Reserves. She obviously has superior qualifications for this position. She has lived all over the country. She was born in Pennsylvania. She is married to a gentleman from Connecticut. I am sure the place that had the greatest influence on her life was her experiences while living in Pascagoula, MS, a good Navy town. So she obviously has the right attitude about the Navy and manpower and personnel.

Her mother lives there now, and I see her quite often. She is an outstanding lady.

Ms. Pope has an outstanding list of accomplishments going back to her education in college, and her experience, as the chairman mentioned, working with Senator Barry Goldwater. She has worked in a number of positions, including positions at the Small Business Administration, working up to be Acting Chief of Staff. She has in recent years been the Deputy Assistant Secretary of Defense at the Pentagon working with family support, education and safety.

This position is one that is historical. She will be the first woman in the position. She certainly has the credentials to do the job at a difficult time as we look at the defense budget in the years ahead.

So I just want to commend her to the committee and congratulate her. I am very proud to have Barbara nominated for this position.

Thank you, Mr. Chairman.

[Senator Lott's prepared statement follows:]

PREPARED STATEMENT OF SENATOR TRENT LOTT

It is a special pleasure to introduce Mrs. Pope before the Armed Services Committee as the President's nominee to fill this important position.

Mrs. Pope lived in many places in her youth, and I am sure that each place had some influence on her early development into a woman of exceptional talent and capability as a public servant. I am certain, however, that none was more influential than the time she spent in Pascagoula, MS. I am sure she credits her period of time there as one of enlightenment.

Mrs. Pope brings a long list of accomplishments to this important position for which she has been nominated. Her experience in the Department of Defense gives her particularly good qualifications for the manpower challenges facing the Navy in the near term. The prospect of a sequester under the provisions of Gramm-Rudman-Hollings is now very real, and manpower is the area that would see the most dramatic effects in all of the services. Each military department Assistant Secretary responsible for manpower would play a central role in establishing the policies to deal with this serious situation should it come to pass. I am confident that Ms. Pope's proven capabilities make her the right person for this kind of challenge.

Chairman NUNN. Thank you very much, Senator Lott.

We are all delighted to have you here, Ms. Pope, Mr. Jehn and also Kim.

Let me start with Ms. Pope and ask if there are any comments you would like to make, and then we will have some questions. Is there anything you would like to say to the committee?

Ms. POPE. I have a brief opening statement.

Chairman NUNN. Fine.

STATEMENT OF BARBARA S. POPE, ASSISTANT SECRETARY OF THE NAVY FOR MANPOWER AND RESERVE AFFAIRS—DESIGNATE

Ms. POPE. Mr. Chairman, thank you and the members of this committee for the opportunity to appear before you today. Senator Lott, a special thanks to you for your kind and generous words.

I would like to make a few brief remarks and start off by saying that first, I am indeed honored and privileged to be the President's nominee for this important position in the Department of the Navy. I would like this committee to know how committed I am and how important I believe the manpower issues are to the future of the Navy and the Marine Corps.

We are faced with some very austere times ahead with significant budget cuts, a time when difficult challenges must be met and some hard decisions will have to be made.

I intend to be proactive as we identify problems early and will move actively with the service personnel Chiefs to develop solutions.

Equally as important, we need to ensure that our programs are rationally related to our requirements and the resources that are available to us.

Improvements in our health care delivery system must continue. Enhanced recruiting, improved retention and efficient assignment of medical personnel, will be priority goals.

I will press on with the implementation of the Goldwater-Nichols Act, the Packard Commission's Report, and Secretary Cheney's Defense Management Review. I will also focus on strengthening our recruiting programs. High quality recruits are our best investment for the future. Part and parcel with recruitment is retention. I will continue the quality of life efforts that make the Navy and the Marine Corps as attractive as possible to our sailors and marines.

I sincerely believe that this committee's goals and the Department of the Navy's goals are very similar; and they are to have the best trained, highest caliber, most efficient Navy and Marine Corps with the quality of life equal to the Nation they are defending.

I look forward to working with this committee and to meeting our future challenges.

Thank you.

Chairman NUNN. Thank you very much. Let me make sure I am pronouncing that correctly. Is that right?

STATEMENT OF CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL—DESIGNATE

Mr. JEHN. You are doing it just right. Thanks a lot.

Chairman NUNN. We are glad to have you.

Mr. JEHN. Thank you very much.

Mr. Chairman and members of the committee, I, too, appreciate the opportunity to appear before you today as the President's nominee to be the Assistant Secretary of Defense for Force Management and Personnel. I am honored that the President has selected me for this important position, and I'm also honored to have the opportunity to appear before this committee which plays so central a role in providing for our Nation's defense.

Let me take just a few minutes to describe the challenges and responsibilities I believe I'll face, if confirmed.

A principal responsibility of the Office of the Secretary of Defense is coordination and oversight of the military departments.

This oversight role is especially important for me in the position for which I've been nominated because of the fundamental importance of people to our Nation's defense and the large share of the DOD budget that goes to paying these people and supporting them.

But the word "oversight" to me connotes reaction to the military departments, and I will try to be active rather than simply reactive. Indeed, I believe Secretary Cheney and Deputy Secretary Atwood expect that of me. I will be active in pursuit of the following objectives.

First, we must preserve the accomplishments of the last decade in building a force of high quality, well-trained military personnel. The importance of doing so is easily emphasized by recalling the problems we were experiencing just 10 years ago in 1979.

Second, we must recognize and respond to today's new realities, the effects of fast evolving international events and a changing threat, a more constrained fiscal environment, and implementation of the Defense Management Review. We must control and shape the effects of these new realities rather than let them shape us and our actions.

Third, we must attend to and improve the management of the total force. This will involve not only questions of active/reserve mix and mobilization but also addressing a wide range of civilian personnel issues.

Fourth, we must preserve and improve the readiness of our military forces. We must make better use of our increasingly scarce resources, particularly for the training of individuals and units. These alone represent a challenging agenda, so I'll just stop there and accept your questions when you're ready.

If confirmed, I really look forward to working with the members of this committee and the staff and other members and staff of the Congress and my colleagues in the Defense Department, two of whom are here with me today, to maintain and improve our country's defense.

Thank you.

Senator WARNER. Mr. Chairman, could I note that this outstanding American is from the Commonwealth of Virginia.

Mr. JEHN. Thank you, sir.

Senator WARNER. I take pride in that, and also I had the benefit of years of experience of working with the Center for Naval Analysis when I was in the Navy Department, and you come well trained.

Mr. JEHN. Thank you.

Chairman NUNN. Thank you, Mr. Jehn. Mr. Wincup.

STATEMENT OF G. KIM WINCUP, ASSISTANT SECRETARY OF THE ARMY FOR MANPOWER AND RESERVE AFFAIRS—DESIGNATE

Mr. WINCUP. Thank you, Mr. Chairman. One thing I learned on the staff was when to keep my mouth shut, and I believe this may be an occasion to not go into great detail, particularly since the Members from the House have already left.

Let me say that it's a real privilege to have a chance to appear before this committee, and it has been a privilege for me to work in the Congress. It's something I have sincerely enjoyed and for which

I've felt a great deal of happiness, I guess, and satisfaction. In particular, it has been a great privilege to work with this committee, unfortunately often adversarially, but in my case I have learned a great deal.

I'd like to say that working with your staff has been a special opportunity for me. You have an excellent staff. I've had a chance to look over a lot of different staffs on the Hill, and this is a good one. Pat Tucker and Arnold Punaro in particular are friends as well as professionals who I have worked with.

A lot of what I have learned from you and your staff is going to be very helpful to me in this job. I'm personally very honored to have the chance to be associated with an institution like this Army. It's an institution, from what I've observed, that has an exceptional commitment to this Nation and it's something that I'm very honored to have a chance to be associated with.

It also seems to me that it has disparate elements sometimes which don't get as much attention as they should. The active forces certainly get a lot of attention, and they are extremely important. The Army Reserve and the Army Guard but certainly the civilian component of the Army and the families of those personnel deserve as much support as we can give them, and I certainly plan to spend a great deal of my time trying to provide the support that they deserve.

Thank you very much.

Chairman NUNN. Thank you very much, Mr. Wincup. I have just a few questions. All of you have an excellent background, and I have no doubt about your background and your ability, so I am not going to ask very many questions.

One is that President Bush did not exempt military personnel in the Gramm-Rudman-Hollings sequester order. And this question is to each of you. If carried out unchanged for the remainder of the fiscal year, the manpower account in Defense would be reduced by $3.4 billion, which cuts in manpower strength would indicate ranging somewhere between 170,000 to 230,000.

I have two or three questions along that line. I will start with you, Mr. Wincup, and go on the first question from left to right.

Do you think it is possible from a practical standpoint to cut military personnel strength by the numbers required in the full-year sequester and have them off the books by September 30, 1990?

Mr. WINCUP. Mr. Chairman, that is a question I have not had the chance to study in detail, since up until about an hour ago I was dealing with a conference report.

But it seems to me that it would be a very difficult thing for me to execute in a fair manner to the people who we have on the books right now, who are on the rolls of the military.

Chairman NUNN. Would you agree that taking this kind of force reduction after a fiscal year has already started is perhaps almost the worst way to do it?

Mr. WINCUP. It certainly would not be something that you would choose if you had a chance to pick options.

Chairman NUNN. Mr. Jehn, how do you feel about it?

Mr. JEHN. Well, you could certainly reduce the personnel accounts enough to make the savings; you would have to. But the question is whether you can do so without really making mistakes that you will regret for years to come and whether you will have undue readiness effects this year.

And that concerns me a great deal. It is something I have to work really hard on, as soon as we get over there.

Chairman NUNN. Ms. Pope.

Ms. POPE. I would hope that we will not be faced with that. But the other option—not reducing the manpower account—is having the hollow military that we had 10 years ago.

So, there is not an easy answer, and I do not know that I am fully up to speed yet. But at this point, late into the fiscal year, you would almost have to take a 2 for 1 cut to be able to accomplish the dollar cuts that you need.

Chairman NUNN. What about the morale factor when you have people who are planning on a continuing career in the military and they are having to get out early, and many of them will not be reenlisted. What about the morale factor? Do you have any thoughts on that? If the sequester stays in effect?

Ms. POPE. The effect on morale will be disastrous. We will, unfortunately, lose some of our better people quickly. And to recoup from that will be a difficult process.

Chairman NUNN. Mr. Jehn.

Mr. JEHN. I would echo what Ms. Pope just said. That is just exactly one of the things I was talking about, when I said, we could easily regret what we will have to do in the next year for many years to come. And the effect on morale and the retention and recruiting of people right now is something that we will have to live with for a number of years and probably regret, if we do not handle this carefully.

Chairman NUNN. Mr. Wincup, starting with you again, what are the key manpower priorities as you see them? If you just listed three or four, what would you list?

Mr. WINCUP. Mr. Chairman, it seems to me that the hardest issue that the manpower community is going to have to face in the coming years is the possibility of force reductions of a size that none of us can guess at this point. We must manage those in a way that is consistent with our national interest, but is fair to the people who are in the military right now.

There is a great risk that as the money declines, we will be faced with positions, which none of us desire with respect to the treatment of military personnel.

Chairman NUNN. What other priorities do you see?

Mr. WINCUP. Well, sir, the question of the balance between the Active and the Reserve forces is an inevitable consequence of force reductions. Picking a proper balance, is going to be a difficult task for us all to face.

Chairman NUNN. Mr. Jehn, how about the Air Force?

Mr. JEHN. Well, the Air Force has all the same problems the other services do. And, I expect managing force reductions for the Air Force will be no easier than it will be for anyone else.

Chairman NUNN. Do you see any difference between the various services, as far as the sequester is concerned? Do you think it is going to be harder on the Army, Navy, Air Force? What do you see?

Mr. JEHN. I do not think I am in a position to really answer that question now. It is going to be tough enough for all of them. I do not think it is going to be significantly easier, let us put it that way, for any one of them.

The problems and the priorities of each may well be different. But I do not think there is going to be a big difference here. We are talking about a big problem, as far as I can tell, for all four services.

Chairman NUNN. Ms. Pope, how do you see the priorities? I think you listed some of them in your opening statement. Would you give us the top two or three priorities that you have?

Ms. POPE. Well, for the Department of the Navy implementing Goldwater-Nichols, they would be preserving a total force Navy that is an appropriate mix of active duty, reserve and civilian personnel; and evaluating the potential of a sequester of funds on Navy morale and recruitment. I believe the Navy has the biggest challenge of all the services as far as improving recruitment. Further, if we have a sequester this year and have to cut back on manpower it is going to have a devastating effect on future requirements.

Chairman NUNN. You mentioned Goldwater-Nichols in your opening comments. Were you working with Senator Goldwater at the time that went through?

Ms. POPE. No, Senator.

Chairman NUNN. What years did you work with Senator Goldwater?

Ms. POPE. 1974 through 1979.

Chairman NUNN. 1974 through 1979. Well, we miss Senator Goldwater. I get instructions from him about once every 2 weeks.

Ms. POPE. I am sure you do, Senator.

Chairman NUNN. Senator Glenn.

Senator GLENN. I join in welcoming our witnesses. I echo your remarks about the importance of the positions to which they have been nominated.

And as chairman of the Manpower Subcommittee, I have a particular interest in this set of nominees, obviously. We are going to be doing a lot of work together back and forth over the next year and beyond that, hopefully.

I do not plan to ask for repeats of your answers to the written questions, but I do have several areas here that I would like to get into.

As the chairman has said, you are going to have to hit the ground running over there. We do face some immediate problems and challenges. Let me get into some of these here, very briefly.

The chairman already mentioned the sequester, and I will not follow-up much on that, except to say, when you use the term "hollow military units," we do not want that. We have had bad experience with that in the past.

But I would add that I have somewhat modified my own opinion, and I just offer it for your consideration.

We now are in a time period of negotiating with the Soviets. The Soviets have said that they are going to reduce. But we do not see their tables of organization changing yet. I would say, let not us be the first to rush in.

I would rather see hollow units with maybe only a staff headquarters or something assigned, and have the unit still on our books as a negotiating position for our negotiators in either Vienna or Geneva as something to bargain with, rather than just giving it away, cutting down in strength and going to a lower level right now, which means we have lost that negotiation position.

Now, I do not think we can just maintain hollow units forever, nor would I propose that. But I think, at least, for now, I would certainly consider going to hollow units, rather than just give away something that might be of some value in negotiations. So, I throw that out for anybody who wants to respond.

One of the main areas I would like to get into is total force policy and what your thoughts are on that.

Mr. Jehn, I do not know whether you have followed some of our committee activity or not on total force policy, but I would appreciate any comments you can make on your views on that.

Mr. JEHN. I am aware of the committee's concern, and particularly yours, about the focus of total force management within the Department. And at this time, all I can really say is, I expect that questions of total force management will, if anything, be more important in the next 5 years, because of the changing environment and the changing fiscal situation that we face, than they were in the last 5 years.

And, I believe Secretary Cheney and Deputy Secretary Atwood expect me to assume a leadership role in that area, in the Department.

Senator GLENN. The total force policy has not really been reviewed in the some 16 years it has been in effect.

Mr. JEHN. So I understand.

Senator GLENN. We took initiative over here this year in the Manpower Subcommittee, putting in a requirement for a total force policy review with this idea in mind. The more we looked at some of our force readiness indicators the more we saw that some parts of the total force are superb and doing a great job in this split between the Regulars, the Reserves, and the Guard.

But in other areas, the result has been terrible, not good at all. And, Mr. Wincup, you are going to have a problem. I think you are already aware of some of those difficulties.

The total force policy when put in said, okay, we are going to rely on an active partnership of the Active forces with the Reserve and the Guard. Of course, that was the basis for it, and DOD rather arbitrarily assigned some of the functions.

Some of them were not actually assigned on paper. They sort of just grew. And there they are, and they become locked in and that is it.

Let me give some examples. I think that most of the functions assigned to the Air Guard and the Air Reserves are being performed very well. A large cadre of people came out of Vietnam; a lot of those people are still there, a lot of combat experience.

In fact, some of those squadrons do better in some of the competitions than some of the Regular squadrons. They do a superb job. Now, I do not know, whether we could assign more jobs in that area to the Air Force Reserve and the Air Guard. Perhaps we could. So that is one to look at.

But in some other areas, we have not done well at all. The Army assigned about 70 percent of the combat support and combat service support roles to its Guard and Reserve. They figured that, if we get into war, the Regulars will hold the fort for the first couple of weeks. And then the Reserves fill in, and you are absolutely dependent on the combat support and combat service support role to be performed by the Reserves.

In the combat support and combat service support role right now in the Army Reserve units, they are 45 percent not combat ready.

This is something we have complained about year, after year, after year. For at least the last 4 years that I know of, I have been complaining about this. Every year the Pentagon tells us about a new plan, we have this, we have that, but nothing happens.

This year in their annual report to us it got ludicrous, because where they used to rate the readiness by percent, this year they just made their report and left off the percent. And so it was a head-in-the-sand approach to the thing. Well, we thought that that was not the way to go. So, we asked for this total force policy review.

Let me give one other. In medical support, combat medical, we do not need as many people in peacetime as we need in wartime. Understandable. So, 80 percent of combat medical comes from the Reserves. Now, of that 80 percent, we are right now 71 percent short of doctors; that is 7,000 doctors short. We are short 66 percent on nurses; this is DOD-wide; 66 percent short on nurses. That is 31,000 nurses short.

And so, we are in a bad situation if we have to go to combat. You know what happens in the war-games? I have sat in on some of the big JCS war-games. And when you reach a point where the situation is such that you have too many casualties to handle, you say, well, in this case we are going to rely on host nation support.

Well, that just means you do not have it. Because the host nation at that point has its own set of problems. That is just not looking at combat realistically.

So, these are things that are of real concern to us. And so the point I am making is that we want to keep in touch with you, Mr. Jehn, in particular, about this total force policy review we have asked for.

You are going to be the one saddled with looking at a lot of this. And that is going to be a big job. And we expect it to be a very thorough job. Some of the reports we get back, as we are all aware, some of the reports from the Pentagon in whatever service or from OSD are very good, and others are not quite so good.

In this one, we want to make certain this is really well done. It is particularly important if *perestroika* continues the way it is, with East Germany opening its borders today, and all this sort of business. Wide open for the people to go wherever they want to. That is unheard of over there.

If this whole thing ramps down militarily, we are going to be faced with major reductions or realignments between the Regulars, the Reserve and the National Guard.

Now, that means that we have to have something to base some judgments on, on what has worked and what has not worked, so we will know where to do these things. And that is the importance of this.

It is going to be one of the most important studies, I think, we have asked the Pentagon to do in a long time.

My time is up. And I have not asked you a question. That is my statement. I will get the questions later on. But you might respond to that, if you wish.

Mr. JEHN. I understand your concern. I have not seen the language concerning this total force study. But I share your belief that it is important.

And as I said, total force policy is going to be even more important in the next few years, for all the reasons you mention, than it has been.

So, you are right. And I will do everything I can to make sure it is the effort you expect, and I hope we can deliver, because it is important.

Senator GLENN. Mr. Wincup, you are going to be in the middle of this, if there is a problem with the Army.

Mr. WINCUP. Well, Senator, if I may, you have identified exactly the right issue. As I recall, the House had a similar provision, because there was the same sense of unease with respect to what has been occurring. And it has to be an issue that we are going to spend a lot of time on.

Senator GLENN. My time is up.

Chairman NUNN. Thank you, Senator Glenn. Senator Thurmond.

Senator THURMOND. Thank you very much, Mr. Chairman.

Mr. Chairman, I join you and the members of the Armed Services Committee in welcoming Mr. Jehn, Mr. Wincup and Ms. Pope as the President's nominees to be the senior personnel managers over the Departments of Defense, Army and Navy.

After yesterday's hearing on the impact of the sequester on the Department of Defense, I am surprised that our three distinguished nominees are still interested in the jobs for which they have been nominated. [Laughter.]

Mr. Jehn, Mr. Wincup and Ms. Pope, I congratulate you on your nominations. The positions for which you have been nominated are in my judgment among the most critical in the Defense Department.

This committee was told by the Secretary of Defense, the service Secretaries and all the service Chiefs that people are the highest priority in the Department of Defense.

Your responsibilities will be to set the policies to ensure these priorities are maintained, a task which will become more challenging, if the defense budgets continue to decline, as they have over the past 5 years.

Mr. Chairman, I just want to say that, I am glad to support the nominations of all three of these fine people. I will have to leave in just a few minutes to be in another appointment, but I will take pleasure in reading from the record just what they have to say.

I have studied their backgrounds. I think they are all well qualified to fill these positions. And I am sure they will fill them in a highly competent manner.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Thurmond.

Let us see, I believe, Senator Dixon is next.

Senator DIXON. Mr. Chairman, yes. I have some questions of Mr. Wincup and Mr. Jehn, Mr. Chairman. And it revolves around the issue that the chairman is very familiar with that has come up several times in the last several years concerning educational opportunities for postsecondary education for military personnel, their dependents and civilian DOD personnel overseas.

And I would first like to say to the Chair, that if the Chair recalls, and he was very much involved in working out the accommodation that finally settled this in the last conference, the Secretary of Defense is to make a study and report back on this study to both Houses of Congress by March 1 of next year.

And I wanted to first request that the Chair consider my request for a hearing immediately subsequent to that report being filed, so that we can have in some folks, the interested parties, and develop our response to the Secretary's report. I wonder if the Chair would accommodate me on that?

Chairman NUNN. When do you think that would be?

Senator DIXON. The report is called for to be filed with Houses of Congress by March 1 of next year.

Chairman NUNN. I will certainly work with you, Senator Dixon.

Senator DIXON. I thank the Chair.

And, Mr. Jehn, and Mr. Wincup, I have a whole series of fairly complicated and detailed questions here that I will send to you, and you may answer them in writing at your leisure. And I will appreciate your accommodating me in that regard.

Mr. Wincup, in particular, is familiar with this, because he has been at the conferences. And I think, in the last 4 years or so, twice, we have gotten into this whole question of the 2-year community or junior colleges and the 4-year universities and the availability of postsecondary educational opportunities for people in a way in which there is a choice.

The essential thing I am looking here for is that terminology: choice. And what we have done is the resolution of the problem, finally at this time now, is to say, look, study this, report back to us by March 1 of next year. And the Chair, I think, will accord this Senator the opportunity to have a hearing at that time to go into the report.

But I would ask you both, whether you would do all you can to see to it that the study group includes representatives of the national higher education associations that represent public and private, 2-year and 4-year colleges and the accrediting organizations, so that you ensure that all of these groups that have the special expertise representing the different kinds of groups have an opportunity to have their input.

I think, that is only fair. We are not trying to gain an advantage for anybody, just see that everybody is heard. I would ask you if you could both do what you can to see to it that it is done in a fair way like that, so all of those important groups have an opportunity to have input.

Will you both give us your assurance? I think I can represent that a majority of us support my view that this ought to be a case of giving choice opportunities. And that when you get into these more isolated areas, one element of the Secretary's study is a recommendation to ensure adequate service for personnel at geographically isolated installations and at installations with small complements.

It is my understanding that service Secretaries have the authority to address that concern in the procurement process by allocating on an equitable basis the responsibility to serve small and isolated sites among schools seeking the larger installations. So, you would kind of pass it around on a fair basis.

I would ask you both to consider that, if you will, and give it your fair consideration.

I will not burden you further with this beyond saying that it is one of those little things that has become contentious twice, to the extent that it took up substantial amounts of our time.

I think it is fair to want to give choice here to the individual in these places and that is what we seek: fairness. And if you would do me that courtesy of giving that your attention, I would greatly appreciate it.

All three of you come with the finest recommendations. And of course, I know your backgrounds, and we are pleased. And I am delighted to support you.

And I thank the Chair and ask that these additional questions be sent along to Mr. Jehn and Mr. Wincup for their answers at their convenient time.

I thank you very much.

[Senator Dixon's prepared statement follows:]

PREPARED STATEMENT BY SENATOR ALAN J. DIXON

Mr. Chairman, we are here today to consider the nominations of Christopher Jehn to be Assistant Secretary of Defense for Force Management and Personnel, Mr. Kim Wincup to be Assistant Secretary of the Army for Manpower and Reserve Affairs and Barbara S. Pope to be Assistant Secretary of the Navy for Manpower and Reserve Affairs.

The military services today are facing many problems in the areas of manpower and reserve affairs. There is the possibility of large force reductions because of the administration's position to retain the Gramm-Rudman-Hollings sequester for all of fiscal year 1990. Just yesterday we heard Department of Defense witnesses state that we would have to eliminate one Army division, a Navy aircraft carrier battle group, and Air Force fighter wings given a fiscal year 1990 sequester. I do not envy the job that today's witnesses are going to face in the near future.

Thank you, Mr. Chairman.

Chairman NUNN. We will make those questions part of the record.

Senator Dixon, I will ask staff to work with you. We sent a set of questions to each one of the nominees, and those answers have been submitted. We are going to make them a part of the record without objection.

[The materials referred to follow the hearing record.]

Chairman NUNN. I will ask staff to work with you, so that we will eliminate any duplications if we already have an answer. Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

I want to welcome you all here. I enthusiastically support these highly qualified individuals who have been nominated by the President.

Kim, I especially congratulate you because we have worked together for many years. I must say that this promotion which you have received must be a wonderful respite from the House of Representatives and all of the things that go on over there.

I won't ask you to comment on that. That is just a statement on my behalf.

Mr. WINCUP. Thank you for not asking.

Senator EXON. I would like to thank you for the measure of soundness that you have attempted to bring in our annual conferences on the Defense authorization bill.

You carry with you a very good understanding of both the House and the Senate Armed Services Committee. And that should stand you in good stead.

I want to follow up a little bit more on some of the questions that have been asked in the area of reserves.

Certainly, the matter of storage of doctors and nurses, particularly, if we would ever get into combat, would be an extremely serious weakness. I think we have established that in both the open and closed sessions in the past.

I recognize the fact that with competition in the medical profession today, in many areas that we are going to be extremely hardput to recruit, train, and keep in the service the number of doctors and nurses that obviously would be required if we ever got into combat.

Do you think there is more that we could do, maybe with medical education benefits, to attract medical professions into the Reserves under some long-term commitment so that they could be called up in short order?

Have we explored, in your opinion, enough of something along these lines?

Mr. JEHN. I do not feel that I am really expert on it, but I think your suspicions are warranted. It is my impression, and I want to stress the word impression, that we have not thought in a particularly original way or radically different ways about how to get Reserve medical personnel on board.

I agree with you that the Reserves are a very promising avenue to try to correct the shortages we see in exercises and analyses and so on. And I would think that in the total force study that Senator Glenn was referring to a little while ago, the issue of medical personnel would be a very central focus.

Ms. POPE. Senator Exon, I would like to comment also on that on behalf of the Navy.

Obviously, I am not totally up to speed on all the details, but I do know in my conversations with Secretary Garrett that it is a high priority. And I know that Navy is planning on totally look at the way we recruit medical personnel and nurses and looking at what we can do to make it more enticing not only in the pay system but also making reserve training more flexibile and attractive for professional medical careers. We obviously have to get more creative.

Mr. WINCUP. Senator Exon, can I just also——

Senator EXON. Yes, Kim.

Mr. WINCUP. First of all, thanks for your comments, I certainly appreciate them. And I think this issue has been around since I have been on the Hill. And it has not been solved, so, clearly, some new steps need to be taken. The direction you have suggested seems like one that ought to be investigated very carefully.

Senator EXON. What I am just suggesting is that, since it is nice to have medical people trained and accompanying our forces in all of our exercises, the fact of the matter remains that medical skills are practiced on a daily basis by these health care specialists.

And while they might not be treating gunshot wounds every day, they are practicing something very close to it in dealing with medical emergencies. Therefore, I say that even a skilled professional in the health delivery field would not require any significant training, if we had to move them from the hospital in Baltimore, Maryland to a field hospital in Germany on very short notice, because their skills are already practiced daily. And they do not have to go to the target range, as do our combat troops.

I suggest offering some inducement, maybe a subsidy, to the health care professionals during their education period, in which they would have no connection whatsoever with any of our Armed Forces in return for a long-term obligation in the Reserves.

My time is up. Just one last question, Mr. Chairman, or suggestion that I would like to make.

It seems to me, Mr. Jehn, that reductions in manpower seem inevitable. Should those restrictions that I think are going to come be distributed evenly throughout the services?

Or do you feel as I do that if and when such a decision takes place, it should be on the basis of national strategic priorities rather than individual service sensitivities, even if all cuts had to come out of one of the services, to use an extreme?

Mr. JEHN. Exactly. At the moment, that kind of hard look at the services, all four together, has not been made. That is going to be an important part of the Department's agenda over the next year or two. I, too, believe that significant reductions in strength are inevitable, and we have got to make sure we do it in the right way.

It could turn out that you wind up getting exactly proportionate reductions across all four services, but I hope the possibility of doing it in a thoughtful way does not preclude the possibility of apportioning them differently across the services.

Senator EXON. Thank you all for being here, and I enthusiastically support your nominations.

Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Exon.

Senator Glenn, I will call on you. I know you have some other questions. I am going to ask you, Senator Glenn, if you would, take over. I have got an Intelligence Committee meeting I have to attend. And when you get through with your questions, unless some other Senator is here, I will ask you to conclude the hearing.

Senator GLENN. Fine. Thank you, Mr. Chairman.

Chairman NUNN. I thank all of you for being here; we look forward to working with you.

Ms. POPE. Thank you, Senator.

Chairman NUNN. We will undoubtedly vote on your nominations sometime around Tuesday of next week. So, on these questions for the record, I know that they are a burden to have to answer a lot of them, but we would like to get them in as soon as possible.

Senator GLENN [presiding]. Thank you, Mr. Chairman.

Let me just follow up with a couple of other questions here, and these should not take very long.

Ms. Pope, you have given advice, I presume, on family programs, things like that in the military, in the position that you are in right now. Do you have any ideas on what would happen under a sequester to some of these family programs that we have in operation right now. Are they going to be decimated or have you had to make recommendations on what the options would be under a sequester?

Ms. POPE. No, Senator, I do not think they will be decimated. Obviously, they are going to have to take some cuts. The Department has come a long way in providing support for our military members and their families.

Part of the Department's decision on not exempting manpower is that we must be able to support the military members we do have with an adequate quality of life and adequate support. If we exempted manpower, then those family support programs probably would take more of a cut. But obviously they are going to get cut.

Secretary Cheney and Secretary Garrett are both committed to maintaining a quality of life for our people.

Senator GLENN. Well, family programs and MWR programs and things like that, it is just difficult to see how they can take a cut from where they are right now and still keep the same number of people in there. And if we are going to cut down the number of people, then that is something else again. And then we get into whether we go to hollow force units and things like that.

It is a very tough time period to make these decisions.

When I get around military bases the thing that I hear more complaints about than anything else is the medical situation. And that is another area where every year we have had promise after promise after promise about what is going on, about CHAMPUS and about difficulties, and doctors opting out because they are not paid enough and just a whole host of problems in that area.

Do you have any thoughts about how we can improve that?

Ms. POPE. Senator, I obviously do not have any answers yet, but I do agree that it is probably one of the top priorities in the manpower area.

I, like you, whenever I am out, hear that as the number one issue across the services for active duty members and for their families.

Again, as with the medical professionals in the Reserves, we have got to get smarter. I mean, the way we have been doing business has not been successful. It is not working. And the CHAMPUS bills are out of control.

Senator GLENN. And we have been talking about it now for about 4 years, and nothing has happened. We have had people at the OSD level say yes, we have a new program, we are going to bring computers on, we are going to do all these different things. And you are familiar with all those programs; I will not list them.

And every year, nothing improves, and every year the complaints go up, and then you talk to the people out in the field and the complaints are very well justified. And yet we sign people up saying you and your family will have medical benefits, and then we do not give it. And it just reduces the faith that people have in signing up again.

Ms. POPE. I can tell you, Senator, that it is one of my high priorities. I do think a lot of people have addressed it. I do not think it is going to be easy to resolve.

Senator GLENN. Mr. Jehn, do you want to address that, because that is something that is defense-wide, that is not just an individual Navy or Army or Air Force or Marine Corps problem. That is something that has been going on at the OSD level, unsatisfactorily, for a long time.

Mr. JEHN. I agree. I could, of course, cop out at this point, and point out that the Assistant Secretary for Health Affairs has a major responsibility in this area within OSD.

Senator GLENN. Indeed, he does.

Mr. JEHN. Indeed, he does. But I think also that would be a cop out, because a big part of the problem is personnel; attracting and retaining trained and qualified medical personnel. And it is absolutely essential that I work with the Assistant Secretary for Health Affairs, and for that matter, for Reserve Affairs as well, in trying to solve the problems.

Certainly, insofar as they go towards issues of compensation for medical personnel and their recruiting, the Force Management Personnel staff and I need to worry about the kinds of incentives Senator Exon was just talking about a moment ago, every bit as much as Health Affairs and Reserve Affairs, and we will.

Senator GLENN. Mr. Wincup, I have heard that the Army may be considering a test program of assigning women soldiers to combat assignments. Are you familiar with that or know anything about it at this point?

Mr. WINCUP. Senator Glenn, I have heard the same thing; I do not know any more about it, because I have not had a chance to get fully briefed.

Senator GLENN. Under current law, women in the Navy and the Air Force are precluded from assignment to combatant aircraft and vessels. I have always sort of laughed at that because it is okay to be assigned to combat support ships, but you cannot go into combat.

When I was still flying, you were taught that in any war you tried to go for the supply ships, the oilers, and all that, because that puts the rest of the fleet out of business if you get them.

Now, they are not out there 100 percent of the time, but they are the priority targets. It has always been a little bit difficult for me to see how we assign women to combat support ships and then claim that we are keeping them out of combat, when you put them in a bull's eye if you were actually out there in a shooting war someplace.

That is an area that I would like to have your views on whenever you get over there and get a chance to look into it. What are your views on the utilization of women in the Army in combat assignments? Can you give us your personal views on it?

Mr. WINCUP. Well, sir, the introduction of women into the military, to a larger degree, has had a beneficial effect in terms of the quality of people who are available in a number of areas. It has also caused a number of other problems that the military has had difficulty dealing with.

The Congress changed the law a number of years ago with respect to that, and I think the military has struggled to try and implement those changes.

Senator GLENN. Well, do you favor women being used in combat units?

Mr. WINCUP. At this point I would have to say I do not, but I would like to spend a lot more time thinking about that issue.

Senator GLENN. Okay. Do you believe that current utilization practices in the Army provide women with fair and equitable opportunities for careers—equitable compared to their male counterparts?

Mr. WINCUP. Senator, frankly, from what I know now, I would guess they are not parallel in that regard. The limitations with respect to combat positions alone, in a military environment, have to have a detrimental effect on their careers.

Senator GLENN. Ms. Pope, what do you think about this in regard to women in the Navy? Do they have a fair shake at a career?

Ms. POPE. In the areas where they are allowed, they do. But, as Kim said, the areas are limited, so women tend to compete with each other in the fields that are open to females, and those career paths are not as broad.

As far as the quality that they have added, it has been a plus.

Senator GLENN. Well, if I followed through on that then, I would have to conclude that they do not have the same career opportunities. What you said, you qualified it by saying, compared to each other. That is different than compared to what I am speaking about, Navy-wide. Obviously, there are not going to be the same number of women admirals, at least with current policies.

Ms. POPE. Right. No, it is because the career paths are limited because of the combat exclusion. So, for a big picture, no. But in the areas that are open to men and women, then the answer would be yes.

Senator GLENN. How much will you have in the role of training? Does that come under you?

Ms. POPE. Yes, the Assistant Secretary of the Navy for Manpower and Reserve Affairs oversees training in coordination with the personnel chiefs.

Senator GLENN. That would be the personnel chief. Okay.

How about the schools and that program? There was a DOD IG report, recently, very critical of some of the safety and management problems with school busing in the Department of Defense dependent schools. Would that come under you?

Ms. POPE. Yes, Senator.

Senator GLENN. That would. Okay.

Oh, another one, Ms. Pope, that we have had a problem with in the Navy for some time, and this will come under you, I think, and that is we have had a problem getting the Navy to justify its shore billets assignments.

Now that one, I believe, does come under you. And they have had this program of shore stamps, as it was called. It was turned on, it was put on hold, it was centralized, it was decentralized, it has been through about six permutations here, and I do not know where it stands right now, quite frankly. The bottom line is that the Navy has been at this for some years now with no satisfactory results.

When we had some questions back some years ago about end strengths and officer strengths and justifying officer strengths, we tried to get a validation for shore establishments in the Navy and the assignment of people, and there was no such thing.

And so we went through a big, long thing on that, and the Navy finally came up with a validation process, as did the Army, and as did the Air Force, but the one that was in the worst shape at that time, we felt, was the Navy. I do not know whether you have had a chance to look at that or not—but this was so we did not get into, what we had termed for lack of a better word, "brass creep," back at that time. That is where the numbers of officers assigned, the ratio, to the enlisted strength was getting way out of whack.

And so we took that on in the Vander Schaff report that you are familiar with, I am sure. We did make some major reductions in officer strength, and I think we are back on a better alignment now than we were back at that time. But we did have a real problem getting the Navy's validation for shore billets, in particular.

Do you have any comment on that?

Ms. POPE. I have not been totally briefed on that one. I do know that it is a concern, Senator, of yours and of the committee's.

Senator GLENN. Why did it take so long for all of you to get nominated? Does anybody have anything they would like to volunteer on that one?

Mr. JEHN. No comment. [Laughter.]

Senator GLENN. Well, I do not have any comment either. We have been waiting for these nominations so people can get aboard. But we thought it was going to be before nearly a fourth of the way through the administration.

I do not believe I have any other questions for you. Your written replies that you have already sent in answer most of the other questions that we want to get into. There may be other committee members who will want to give you questions.

And as the chairman said, we would appreciate your prompt reply to those, because we would like to get your nominations through very rapidly and get you on the job over there. We need you there. We obviously have lots of problems.

And let me just finish by saying once again, please, please, give very serious consideration to this total force policy thing.

Mr. JEHN. Yes, sir.

Senator GLENN. I think it should be done properly, and organized from the combat end of things—we, too often, on this side of the river, tend to want to do things differently—we have Goldwater-Nichols reports where we tell DOD how to organize. And I voted for them and went along with it.

At that time, however, I suggested a more appropriate way might be to start at the bottom level, at the people that would be in combat, then see what support structure there had to be on up through command levels, and then to the Pentagon. So we would know what it is we are trying to support out here.

Because the only reason we have the Pentagon and all the military, obviously, is in case we get into combat. And all the hierarchy is there to help make sure that the combat people have the kind of support that they need, the command they need, the communications, and all the other things that go into it.

But I am not telling you anything you do not already know; that has to be our prime consideration. And so when we look at these things, that is the way we are looking at them from here. And this total force policy, to me, is very basic. We are going into a time period when we are going to have to reassign some functions, out of the Reserves, out of the Regulars, maybe to the Reserves, maybe in some of the areas that have not worked well in the past.

We may have to take some of those reserve functions that have been terrible in their combat capability, and assign those to the Regulars. I do not know. Maybe we will have to do that.

I would rather go eventually with a force that we really have a confidence in, that we know is really ready to go into combat, rather than papering this thing over every year by just accepting the roles and missions of the Regulars versus the Guard, versus the Reserves and so on, as we have done year after year.

In a time period when we are going to have to reduce strength, if we are going to do it intelligently, then we are going to have to do it using a study like this one on total force policy.

So I just implore you to do everything you can, all of you, and Mr. Jehn, you in particular.

Mr. **JEHN**. Yes, sir.

Senator **GLENN**. Do everything to see that the study is done in sufficient detail, and with an analysis of what the combat roles are, and then start up from there. And analyze the combat roles and what is prepared now; after all these years, what would work now, what will not work; and then, what are we going to do about it, and where are we going to assign those rules in the future, as we realign the whole force.

And so I really believe this can be one of the most important studies you have undertaken at the Pentagon for a long time. And heaven knows we assign you enough—how many reports do we assign over there to have people work on? Too many. And I agree with that. But this one, I hope you do not give this one short shrift because we really need this one. And if it comes back with a lick and a promise, why, we will send it right back again next year, directing the same thing.

Mr. **JEHN**. I understand.

Senator **GLENN**. So, congratulations to all of you. I hope we get all these nominations through. I know of no objection to any of your nominations. And so we look forward to working with you in the years ahead over there.

Mr. **JEHN**. Thank you, Senator.

Senator **GLENN**. The hearing stands adjourned.

[Whereupon, at 3:54 p.m., the hearing was adjourned.]

[Prepared questions submitted to Christopher Jehn by Senator Nunn prior to the hearing with answers supplied follow:]

OCTOBER 26, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I appreciate the opportunity to respond to the Committee concerning the important defense policy and management issues you have addressed. Enclosed are my responses which reflect my commitment to a strong, well-trained force capable of meeting the requirements of our national defense strategy.

I look forward to appearing before the Committee.

Sincerely,

Christopher Jehn.

Enclosures.

RESPONSIBILITIES OF THE ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL

Question (1). Should you be confirmed as Assistant Secretary of Defense for Force Management and Personnel, what would you view as your principal responsibilities to the Secretary of Defense?

Answer. The mission of the Assistant Secretary of Defense for Force Management and Personnel is to maintain total force effectiveness by ensuring that an adequate supply of people is available to meet the demands imposed by the national strategy. Functional responsibilities for total force effectiveness include validating and justifying total force manpower requirements (mix, numbers, kinds) and ensuring that policies, programs, and resources support a ready and sustainable inventory of high-quality, well-trained people to meet those requirements.

RELATIONSHIP TO THE ASSISTANT SECRETARIES OF DEFENSE FOR RESERVE AFFAIRS AND HEALTH AFFAIRS

Question (2). The Assistant Secretaries of Defense for Reserve Affairs and Health Affairs are assigned responsibilities which directly affect the management and control of reserve and health care manpower.

What will be your relationship to these officials?

Will the Assistant Secretary of Defense for Force Management and Personnel have overall responsibility for Total Force manpower requirements and personnel policy?

Answer. The Assistant Secretary of Defense for Force Management and Personnel serves as the principal staff assistant and advisor to the Secretary of Defense for Total Force management. As such, his responsibilities include Total Force structure analysis and the allocation of Total Force structure among DoD components and between the active and reserve components in the Military Departments. The ASD(FM&P) also chairs the Conventional Force Readiness Committee mandated by the Defense Management Report.

The Assistant Secretaries for Reserve Affairs and Health Affairs have responsibilities that are interconnected with those of the ASD(FM&P). A close working relationship among these three ASDs is required to ensure coherent direction. I intend to pursue such a relationship in day-to-day operations and in the operations of the Conventional Force Readiness Committee.

RELATIONSHIP TO MANPOWER OFFICIALS IN THE MILITARY SERVICES

Question (3). What will your relationship be to the Assistant Secretaries for Manpower in the Military Departments and with the uniformed personnel chiefs in the Office of the Joint Chiefs of Staff and in the Military Services?

Answer. I will seek to establish a relationship of mutual trust and rapport with the Assistant Secretaries for Manpower in the Military Departments and the uniformed personnel chief in the OJCS. Mutual credibility and confidence are essential to insuring a common sense of purpose and vision about the future. Together with the Military Departments, I will carefully review and analyze Service manpower and personnel programs to ensure they are reasonable, prudent, and efficient. Working together effectively should allow OSD, the Military Departments, and the Joint Staff to complement one another.

MOST SERIOUS PROBLEMS

Question (4). What do you consider to be the most serious problems in the management of DOD manpower, how do you intend to deal with these problems, and what timetables would you establish for each?

Answer. The most serious problems will result from changes in force structure and manpower requirements caused by negotiated Conventional Force reductions, implementation of the Defense Management Report, and severe budget constraints. The challenge lies in accommodating to these changing factors without adversely affecting current or future capabilities and readiness. Issues will include managing force structure changes and maintaining objectives for recruiting and retention.

Establishing timetables for addressing these issues would be inappropriate for at least two reasons. First, these problems will most likely require continuing attention and their solutions will not have a clear beginning or end. Second, the exact nature and dimension of the changes outlined above are not yet clear.

MANPOWER POLICY

Question (5). Please provide the Committee with any salient analyses or reports you prepared while at the Center for Naval Analyses on Navy and Marine Corps manpower issues and describe the effect these reports had on changing or formulating manpower policies within the Department of the Navy.

Answer. I was promoted to the management staff of the Center for Naval Analyses in 1977 and I have not personally prepared any manpower analyses or reports since then.

DEFENSE REFORMS

Question (6). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986; the amendments to the Act relating to special operations forces and low-intensity conflict; and the recommendations of the Packard Commission.

Are you fully committed to the complete and effective implementation of the Act as amended and the recommendations of the Packard Commission?

Answer. I am fully committed to the complete and effective implementation of the Goldwater-Nichols Act, as amended. I am also fully committed to ensuring that the improvements recommended by the Packard Commission are effected.

Question. What are the specific responsibilities of the Office of the Assistant Secretary of Defense for Force Management and Personnel for implementing the Act as amended and the recommendations of the Packard Commission?

Answer. I have been advised that the specific responsibilities of the Office of the Assistant Secretary of Defense (Force Management and Personnel) for implementing the Goldwater-Nichols DOD Reorganization Act are to ensure that the provisions and requirements of the legislation regarding DOD manpower, management headquarters, personnel policies, and joint staffing procedures are completely and efficiently implemented.

I understand that the main responsibility assigned to the Office of the Assistant Secretary of Defense for Force Management and Personnel for implementing the Packard Commission recommendations is to enhance the quality of acquisition personnel by establishment of an alternative personnel management system, establishment of business-related education and experience criteria for civilian contracting personnel, and expansion of opportunities for the education and training of all civilian acquisition personnel.

Question. Did you make any recommendations while at CNA or prepare or participate in any analytical work in opposition to any of the Goldwater-Nichols reforms? What was the basis for this opposition, if any?

Answer. I have not prepared or participated in any analytical work in opposition to the Goldwater-Nichols reforms.

DEFENSE MANAGEMENT REVIEW

Question (7). What responsibilities will be assigned to the Office of the Assistant Secretary of Defense for Force Management and Personnel with regard to implementing the Defense Management Review?

Answer. Because implementation plans for the recommendations contained in the Defense Management Report have not been completed, the role of the ASD(FM&P) continues to evolve, so it isn't possible to give a definitive answer to the question at this time. However, one of the recommendations in the Report was to establish three Assistant Secretary-level committees to improve the management of the Department, one of which was the Conventional Force Readiness Committee (CFRC). The ASD(FM&P) chairs the CFRC. The CFRC is a vehicle for raising manpower and readiness issues directly to the Deputy Secretary.

I also expect the ASD(FM&P) will have oversight responsibility within the Department for any recommendations arising from the Management Report that affect DOD manpower or personnel policy.

DOD EXECUTIVE COMMITTEE

Question (8). What role do you expect the Assistant Secretary of Defense for Force Management and Personnel to play with regard to the newly formed DOD Executive Committee?

Answer. Although the ASD(FM&P) is not a member of the DOD Executive Committee, I am confident I will be consulted on important matters pertaining to manpower- or personnel-related issues.

MANAGEMENT SKILLS

Question (9). As Assistant Secretary of Defense for Force Management and Personnel, you will have a major role as a senior manager and leader with the Department of Defense. How would you assess your management and leadership skills for this position?

Answer. I believe my background and experience have prepared me well for the challenge of helping Secretary Cheney and Deputy Secretary Atwood manage and lead the Department of Defense. I have successfully managed large groups of professionals—planning, organizing, and supervising the execution of their research—and played a key role in strategic planning, personnel management, and defining and maintaining a corporate culture at the Center for Naval Analyses. I have also advised senior leadership of the Navy and Marine Corps on issues ranging from organizational strategy through force structure and weapons procurement to manpower and other support. I fully understand the enormity of the management and leadership responsibilities in the Department of Defense and would welcome the challenge of meeting them.

DOD DRUG INTERDICTION ACTIVITIES

Question (10). Last year, Congress directed the Department of Defense to serve as the lead agency in the detection and monitoring of air and sea traffic involved in drug smuggling. The Congress also directed the Department to take the lead in integrating command, control, communications, and technical intelligence assets into an effective communications network to aid in the drug interdiction effort.

Answer. On May 18, 1989, the committee was advised by the Deputy Secretary of Defense that although the Assistant Secretary of Defense for Force Management and Personnel was assigned the responsibility for overall DOD direction and fiscal oversight of counternarcotics tasks, the Assistant Secretary of Defense for Reserve Affairs would serve simultaneously as the Department of Defense Coordinator for Drug Enforcement Policy and Support.

Question. Will this continue to be the case if you are confirmed or was the designation of the Assistant Secretary of Defense for Reserve Affairs as the DOD Coordinator for Drug Enforcement Policy and Support a temporary designation pending the appointment of an Assistant Secretary of Defense for Force Management and Personnel?

What office will be the focal point in DOD for overall DOD drug policy?

Answer. The DOD Coordinator for Drug Enforcement Policy and Support, who is the Assistant Secretary of Defense for Reserve Affairs, will continue to be the focal point in DOD for overall DOD drug policy. The Office of ASD(FM&P) will be involved whenever needed, but in a supporting role to the Coordinator.

TOTAL FORCE POLICY

Question (11). The Department of Defense has been operating under the Total Force Policy for over 15 years. Under this policy, substantial missions have been transferred from the active to the reserve forces. Today, combat operations cannot be sustained without reserve support. Yet, the Committee has found a consistent pattern of low readiness in the Army Reserve combat support and combat service support units.

What is the role of the Office of Assistant Secretary of Defense for Force Management and Personnel with regard to active/reserve force mix policies and decisions?

Answer. DOD Directive 5124.2 assigns the ASD(FM&P) responsibility for Total Force structure analysis and the allocation of the Total Force structure among DOD components and between the active and reserve components within the Military Departments. Also, the Conventional Force Readiness Committee, which the ASD(FM&P) chairs, may prove useful as a forum to address those Total Force issues which pertain to readiness.

Question. What actions do you intend to take, if confirmed, to ensure the proper alignment of missions and resources between the active and reserve components, especially in light of potential future reductions in active force structure?

Answer. The proper alignment of missions and resources between the active and reserve components is determined by a number of factors and many organizations within the U.S. Government, including both the legislative and executive branches. Consequently, while it is not possible for me to cite specific actions at this time, I intend to pursue close working relationships with those individuals whose responsibilities affect and are affected by Total Force policy and to ensure, consistent with the responsibilities outlined above, that Total Force policy reflects U.S. security requirements and fiscal reality.

Question. What is your assessment of the effectiveness of the Total Force since its implementation over 15 years ago?

Answer. The ultimate test of a military strategy or policy is war. Fortunately, the Department's Total Force policy has not been subjected to such a test. Thus, while it may be tempting to declare the Total Force policy an unequivocal success, it would be premature and imprudent to do so. Moreover, it is difficult to imagine there is no room for improvement in the Department's implementation of the Total Force policy. Consequently, monitoring Total Force policy and searching for ways to improve its implementation will be among my highest priorities if I am confirmed for the position of ASD(FM&P).

PROMOTION POLICY

Question. (12). The committee has the responsibility for making recommendations to the Senate on military nominations involving the appointment, promotion, and retirement of military officers. In this regard, the Committee relies on the Department of Defense to rigorously exercise its review and approval responsibilities.

What is your understanding of what these responsibilities are?

Answer. Department of Defense Directive 1320.12 establishes the Department's responsibilities regarding Defense officer promotion programs. The Department's responsibilities include, above all else, ensuring compliance with the requirements of the law and DOD policy. Specific responsibilities include oversight of the Services' officer promotion programs; review and approval of all selection board reports; investigative checks on all general/flag officers recommended for promotion; and delineating and refining Department policies relating to promotion programs.

Question. What is your view of the role of the Assistant Secretary of Defense for Force Management and Personnel in fulfilling these responsibilities?

Answer. I am committed to ensuring that the responsibilities of the ASD(FM&P) for officer promotion policy are carried out fully in compliance with the letter and spirit of the applicable provisions of Title 10, U.S. Code, and the implementing DOD directives and policies. Also, I will ensure that FM&P staff continue to review and refine the Department's promotion policies and procedures.

Question. Are you committed to ensuring the objective integrity of the promotion selection process in the Department of Defense and how do you envision exercising oversight over the Military Departments?

Answer. I am strongly committed to integrity in the promotion selection process. I am advised that current procedures and policies provide an effective framework for exercising OSD oversight of the Military Departments. If I am confirmed, I will verify that is correct and, if it is not, promptly introduce changes to ensure that effective oversight can be exercised.

MEDICAL SHORTAGES

Question. (13). One of the most serious personnel problems affecting the combat readiness of our forces in wartime is the shortage of medical personnel in our reserve forces.

Do you view this problem as one that you would have primary responsibility for solving if confirmed?

What are the roles of the Assistant Secretary of Defense for Health Affairs and the Assistant Secretary of Defense for Reserve Affairs in this regard?

Answer. This is not a problem for which ASD(FM&P) has primary responsibility. Rather, it is a case where responsibility is shared by the Assistant Secretaries for Force Management and Personnel, Reserve Affairs, and Health Affairs. I understand that while addressing shortages of medical personnel in the reserve components is the primary responsibility of ASD(RA), defining the requirements (and hence the shortages) is the responsibility of HA and FM&P via their responsibilities for defining medical readiness requirements and total force analysis.

ALL VOLUNTEER FORCE

Question. (14). What are your views on the current and long-term health of the volunteer force?

Answer. I believe the volunteer force is healthy now and can continue to meet Defense manpower needs for the foreseeable future. Despite more difficult recruiting and retention conditions in recent years, the Services have sustained the highly qualified, effective, and ready force built in the early and mid-1980s. I believe the Services can maintain a healthy, capable force despite the continued decline in the youth population, competing opportunities in private industry, and pressure to reduce Defense resources. To do this, Congress must provide adequate levels of military compensation and recruiting resources as we move toward a leaner force and greater reliance on the reserve components, while the Services and OSD must continue to improve the efficiency with which their tools are used for shaping and maintaining the force.

ALL VOLUNTEER FORCE

Question. (15). How would you assess our current capability to meet the military manpower requirements in the first 2 months of major international conflict?

Answer. I do not feel qualified at this time to give an authoritative answer to this question. However, since the question pertains to manpower requirements in the first 2 months of conflict, I can observe that manpower will have to come from currently constituted active and reserve components. To assess current capability, I would carefully examine any existing shortfalls and evaluate the impact of those shortfalls on the Services' ability to meet requirements for personnel through the first 2 months of a major conflict. Addressing serious problems so identified will have my attention should I be confirmed.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

EDUCATION

Senator DIXON. Section 1212, as now amended, directs that the Secretary of Defense conduct a study of the postsecondary educational service needs of military personnel, their dependents and civilian DOD personnel overseas. Based upon the results of this study, the Secretary is to report to the Armed Services committees of both Houses of Congress by March 1, 1990 on the policies he intends to promulgate relative to the procurement and administration of these services consistent with the intent of section 1212 as amended that Service members have the benefits of choice of provider in the offering of courses. It is the conference committee's intent that the study will develop the information that Congress needs to resolve once and for all how these educational services should be delivered to give the student the benefits of choice among schools and price competition. To insure that the Secretary's report will develop that information, would you agree that the study group should include representatives of the national higher education associations that represent public and private 2-year and 4-year colleges and accrediting organizations to ensure that those interested in and committed to providing the most effective educational services to our military personnel can contribute to this process?

Mr. JEHN. The March 1 suspense for the study will not give us a lot of time to address such a complex issue. To the extent time permits, the goal should be to gather data from many sources, including those higher education associations and organizations you have mentioned. My understanding is that representatives from these activities and other interested organizations and institutions have continual input into the Department's voluntary education program through membership on advisory committees and through professional contacts. I expect these associations and contacts to continue. My goal will be to submit an objective study, free from bias, that ensures our common desire for high-quality education programs for Service members overseas.

Senator DIXON. Don't you think that to ensure future procurements comply with the section 1212, as amended, the Secretary of Defense should have a panel of experts drawn from the higher education associations representing 2- and 4-year public and private institutions and the accrediting community to advise him on subsequent procurement policy, and to alert him to situations where a proposed procurement might diminish the opportunity for competition and choice or favor one school or type of school to the detriment of students and other providers prior to the release of "Requests for Proposals"?

Mr. JEHN. DOD procurement policies and regulations would have to be reviewed very carefully before we called together a panel of experts, who are also potential bidders, to discuss the substance of a future procurement. The perception that certain potential bidders may have more information than other potential bidders would seem to violate the integrity of the procurement process. However, as I have said, we are interested in the experiences and ideas of current providers and the issues of concern to higher education associations and institutions and intend to tap these fertile sources of information, to the extent possible.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

TOTAL FORCE POLICY

Senator MCCAIN. There is also some question as to whether the total force policy is as successful as you seem to make it. I can guarantee you that there are few, if any, on this committee that would declare the Total Force anything other than an afterthought of the Department of Defense. If should be noted that the Senate Armed Services Committee, out of concern, has called for a study on the total force policy. One of the reasons the study is necessary is that the witnesses for the DOD have been very vague in their efforts to articulate the total force policy. In light of the fact that the reserves are drastically short of doctors, nurses and medical technicians, to mention just a few of the difficulties, what are your plans to strengthen the total force policy?

Mr. JEHN. I cannot speak for past DOD testimony, but I agree that we can improve the articulation and implementation of the Department's total force policy. While it is not possible for me to cite specific actions or plans for strengthening total force policy at this time, you can be assured that the study you have mentioned will be one of my highest priorities.

BUDGET CUTS TO MANPOWER ACCOUNTS

Senator MCCAIN. Mr. Jehn, as you know, we have reached the end of the fiscal rope. In the past, manpower accounts have been the first to feel the brunt of the budget cuts. The "hollow force" of the late 1970s was a direct result of a failure of there being proper attention paid the critical nature of the manpower accounts and their impact on accessions, retention and morale. What assurances can you give me that the manpower accounts will not be raided in order to accommodate reductions to the point that we face a similar situation that we faced in the late 1970s?

Mr. JEHN. The "hollow force" experience to which you refer is perhaps the greatest assurance that the manpower accounts will not be the billpayer for future Departmental reductions. The situation that we find ourselves in today is vastly different than the one we faced in the 1970s. The post-Vietnam war reduction had to be tempered with the need to keep a modern, and modernizing, force capable of deterring Warsaw Pact aggression in Europe. At the same time, we required the capability to respond to potential trouble spots around the world. A difficult decision was made to pay the cost for the modernization of the force from the manpower account. Today the world is a very different place. Perhaps we are witnessing a fundamental change in the power relationship between East and West, which we hope will result in a reduced probability of conflict between the U.S. and the Soviet Union. This metamorphosis is occurring simultaneously with our own need to bring the budget under control. This combination of factors should allow us to take very careful, deliberate steps in revising the make-up of our forces, while participating and contributing to the effort to reduce the national deficit. As we are not in the same position that we were in during the late 1970s, our approach will not be the same. I am very sensitive to the impact that these reductions will have upon our servicemen and women. We will have a smaller force, to be sure, but it will also be necessary to ensure that force is well-paid, well-trained, well-equipped, and well-cared for.

END STRENGTH REDUCTIONS

Senator MCCAIN. The Senate Armed Services Committee heard testimony on November 8, from the Service Vice Chiefs and the OSD Comptroller that indicated massive end strength reductions are in store if sequestration is held for the entire fiscal year. What are your thoughts on the type of disruption this will cause in the area of manpower management?

Mr. JEHN. First, I must tell you that I am categorically opposed to taking the entire end strength reduction from accessions. This may be the easiest way to meet the end strength target, but the long-range impacts are profound. Whatever the extent of the final reductions, I see a combination of measures being employed to manage these reductions. These measures would include voluntary early separations, early retirements (some forced), and some reduction in accessions. The combination of these measures may cause promotion slowdowns and the possible loss of even more of our junior enlisted and officer personnel as they begin to perceive military life as increasingly uncertain and insecure. Our goal should be to reduce the force in a balanced way so that personnel turbulence is minimized, quality of life is maintained, and our ability to perform our missions in defense of our nation is not degraded.

READINESS REPORT

Senator MCCAIN. To date, the required Consolidated Readiness Report has not been submitted for 1989. Will you see that the 1989 report is completed and submitted and that the 1990 report is submitted in a timely fashion?

Mr. JEHN. I will give this mattter my personal attention.

[The nomination reference of Christopher Jehn follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
September 6, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Christopher Jehn, of Virginia, to be an Assistant Secretary of Defense, vice Grant S. Green, Jr., resigned.

[The biographical sketch of Christopher Jehn, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF CHRISTOPHER JEHN

EXPERIENCE

1987-present—Center for Naval Analyses. Vice President, Navy-Marine Corps Planning and Manpower Division. Responsible for the planning, execution, and quality control of projects executed by 60 research personnel, including all projects in support of the Marine Corps, and manpower, economic, and cost and resource analysis projects for the Navy. Advise senior staff and flag and general officers of Navy and Marine Corps.

1984-86—Center for Naval Analyses. Director, Resource Analysis Department. Responsible for hiring, training, evaluation of 70 research personnel. Directed a program of methodological research in cost analysis, manpower modeling, and manpower data base construction and management.

1981-87—Center for Naval Analyses. Vice President, Marine Corps Programs.

1979-present—Center for Naval Analyses. Director, Marine Corps Operations Analysis Group. Responsible for liaison with the Marine Corps and coordination, planning, and execution of all CNA work for the Marine Corps. CNA's work for the Marine Corps included the efforts of about 25 research personnel in 1979 and about 40 in 1988.

1977-79—Center for Naval Analyses. Director, Institute of Naval Studies. Responsible for hiring, training, assignment, and evaluation of 50 research personnel and the planning, execution, and quality control of their projects in manpower, logistics, cost and resource analysis for the Navy and economic analysis for non-defense agencies of the U.S. government.

1972-77—Center for Naval Analyses. Analyst and Project Director, Institute of Naval Studies. Directed studies of recruiting policy and military pay for the Navy; comparability of military pay for Third Quadrennial Review of Military Compensation; effects of plant closings on earnings of workers for Department of Labor. Participated in logistics and cost-effectiveness studies as economic and cost analyst.

1970-72—George Washington University. Assistant Professor of Economics.

1969-70—University of Illinois, Chicago Circle. Instructor in Economics.

EDUCATION

Ph.D Candidate, Economics, University of Chicago (specialization: monetary theory and policy, applied price theory, industrial organization).

M.A. Economics, University of Chicago, 1970.

B.A. Economics, Beloit College, 1965.

HONORS AND PROFESSIONAL AFFILIATIONS

National Merit Scholar.

University Fellow, University of Chicago.

American Association for the Advancement of Science.

American Economic Association.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Christopher Jehn in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Christopher Jehn.

2. **Position to which nominated:**

Assistant Secretary of Defense (Force Management and Personnel).

3. **Date of nomination:**

September 6, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

March 12, 1943, Chicago, Illinois.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married (since 12/26/67) to Mary Ellen (Hack) Jehn.

7. **Names and ages of children:**

Andrea Carin Jehn (born 7/14/73).

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Evergreen Park Community High School, High School Diploma, 1960 (1956–60).
Reed College (1960–62).
Beloit College, B.A., 1965 (1962–64).
University of Chicago, A.M., 1969 (1965–69).

9. **Employment record:** List of jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

1972–Present: Center for Naval Analyses, several research and research management positions.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

None.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships.** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

American Economic Association, member.
American Association for the Advancement of Science, member.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

National Merit Scholar.
University Fellow, University of Chicago.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports or other published materials which you have written.

"A Note on the Durbin-Watson Test," with Walter J. Wadycki, *The American Economist,* 1973, Vol. 17, No. 1

"Projections and Characteristics of the 17–25 Year-Old Female Labor Force for 1972–77," with A. Slagle Allbritton, *Utilization of Military Women,* Department of Defense, 1972

"The 'GI' Bill and the All-Volunteer Force," with Richard Fullenbaum, et al., Office of Management and Budget, 1973

"Setting Military Pay by Civilian Wage and Job Comparisons," *Staff Studies and Selected Supporting Papers, Vol. VII: Compensation Comparability and Pay Setting,* Third Quadrennial Review of Military Compensation, Department of Defense, December 1976

"Modeling Recruiting District Performance," with W.F. Shughart III, *Defense Manpower Policy: Presentations from the 1976 RAND Conference on Defense Manpower,* ed. by R.V.L. Cooper, RAND Corporation 1979

"Fact and Fiction on the Volunteer Military," *Ripon Forum,* Vol. XV, No. 5, June 1979

"The Draft Debate," *Policy Report,* Vol. I, No. 11, November 1979

Review of *Black and Other Minority Participation in the All-Volunteer Navy and Marine Corps, Journal of Economic Literature,* Vol. XVIII, No. 1, March 1980

The U.S. Marine Corps: The View from the Late 1980s, Center for Naval Analyses, 1988; co-editor and contributor

Analysis and National Security Policy, Center for Naval Analyses, 1989; contributor

Plus numbers of CNA technical publications and internal CNA/DoN memoranda.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I was chosen on the recommendation of Secretary Cheney.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe I am extremely well-qualified for this job. I have clearly relevant technical training and extensive experience and expertise gained in my over 17 years at CNA where I performed and supervised research on the widest range of military manpower issues as well as other problems facing the Navy and Marine Corps. I also have strong analytical, communications, and management skills.

18. **Commitment of testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Christopher Jehn.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have your or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a Foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

CHRISTOPHER JEHN.

This 27th day of June, 1989.

[The nomination of Christopher Jehn was reported to the Senate by Senator Sam Nunn on November 15, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

[Prepared questions submitted to G. Kim Wincup by Senator Nunn prior to the hearing with answers supplied follow:]

NOVEMBER 9, 1989.

Hon. SAM NUNN,
Chairman, Senate Armed Services Committee, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your kind words of congratulation and prompt scheduling of my confirmation hearing. I look forward to that meeting and to future opportunities to work together on behalf of the Army.

I have reviewed your questions and am pleased to provide you my views on those topics in advance of the hearing.

Sincerely,

G. KIM WINCUP.

Enclosure.

RESPONSIBILITIES OF THE ASSISTANT SECRETARY OF THE ARMY FOR MANPOWER AND RESERVE AFFAIRS

Question (1). Should you be confirmed as Assistant Secretary of the Army for Manpower and Reserve Affairs, what would you view as your principal responsibilities to the Secretary of the Army?

Answer. The statutory responsibilities of the ASA(M&RA) are, of course, set forth in section 3016, title 10, United States Code. The Secretary of the Army, in assigning duties within the Office of the Secretary has, by General Order, authorized and directed the ASA(M&RA) to act for the Secretary within his field of responsibilities.

The ASA(M&RA) is responsible, within his functional area, for the formulation, execution and review of policies, plans and programs, including the establishment of objectives and appraisal of performance.

Among the many significant responsibilities assigned to the ASA(M&RA) by Secretarial Order are the following:

a. Force structure requirements and management.
b. Force operation readiness.
c. Army National Guard and Army Reserve Affairs.
d. Military and civilian manpower and personnel policy and management.
e. Mobilization manpower and plans and exercises.
f. Military health care.
g. Equal opportunity.
h. Morale and welfare.
i. Drug and Alcohol Abuse Prevention and Control Program.
j. Child and spouse abuse control and treatment.
k. Education and training.
l. Military compensation matters.

As established by the order of the Secretary of the Army, the ASA(M&RA) is also directly responsible for Total Force manpower requirements and personnel policy. Not only will the ASA(M&RA) exercise authority over requirements, he will be deeply involved in the distribution of manpower authorizations throughout the Army and will influence the force structure development process which must take into consideration manpower availability, training, personnel management and unit readiness.

RELATIONSHIP TO THE ASSISTANT SECRETARIES OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL, RESERVE AFFAIRS, AND HEALTH AFFAIRS

Question (2). The Assistant Secretaries of Defense for Force Management and Personnel, Reserve Affairs and Health Affairs are assigned responsibilities which directly affect the management and control of active, reserve, and health care manpower.

What will be your relationship to these officials?

Answer. Among other actions, the Secretary of the Army has directed that in executing the duties of their offices, the Assistant Secretaries are responsible for "promoting coordination, cooperation and mutual understanding" within the Department of the Army and between the Department of the Army and Department of Defense.

If confirmed, I plan to work closely with the Assistant Secretaries of Defense for Force Management and Personnel; for Reserve Affairs; and for Health Affairs. The Secretary of Defense has personally established as a goal the improved efficiency of the Department. Significant improvements in departmental efficiency are often realized through the simple concepts of teamwork and cooperation.

RELATIONSHIP TO MILITARY MANPOWER OFFICIALS IN THE ARMY

Question (3). What will your relationship be to the Deputy Chief of Staff for Personnel; the Chief, Army Reserve; and Chief of the National Guard Bureau?

Answer. My response to this question would be to essentially paraphrase what I stated about relationships with the ASD's for FM&P, RA and HA.

Given the responsibilities assigned to the ASA(M&RA) by statute and Secretary of the Army Order, I expect to act as a catalyst in establishing necessary policies to ensure the effectiveness of Total Army manpower and personnel programs. This means not only overseeing and evaluating programs established or proposed by the senior military manpower officials and providing independent views to the Secretary of the Army, but also ensuring that approved manpower and personnel programs are integrated parts of the Total Army program. This function is most important as various programs compete for increasingly scarce resources.

MOST SERIOUS PROBLEMS

Question (4). What do you consider to be the most serious problems in the management of Army manpower, how do you intend to deal with these problems, and what time tables would you establish for each?

Answer. Although I have not been fully briefed on the manpower situation, it appears that the most serious problems involve ensuring that Army personnel are fully trained and exceptionally supported in a time of perceived changes in the threat and real changes in available resources. Simply stated, one of my immediate tasks is to ensure that the Army's investment in manpower is properly allocated against real, documented requirements and that it supports Total Force readiness. The time is short and compressed by the need to have a realistic budget approved. Whatever is done, I am intensely committed to ensuring that our Army personnel—military and civilian, active and reserve—are supported in a manner this Nation will be proud of.

In the longer run, the Army must maintain an appropriate balance between the Active Component and our Reserve forces in order to meet current and evolving Army missions. It is important for us to retain experience especially in hard-to-train, high tech skills while providing for a steady input of young people who have promotion opportunity throughout their military career.

In this environment, the recruitment and retention of the appropriate numbers and skill mix of health care professionals—particularly physicians and nurses—will continue to be an issue of concern. We need to continue making improvements in this area in order to support wartime medical readiness as well as providing cost-effective peacetime health care with less reliance on the expensive CHAMPUS alternative.

We also face serious problems in another significant element of the Army structure—Army civilians. I am committed to recruiting, training and maintaining the highest possible caliber of personnel in this important component of our national security structure.

MANPOWER POLICY

Question (5). Please provide the Committee with any salient analyses or reports you prepared on manpower issues and describe the effect these had on changing or formulating manpower policies within the Department of Defense.

Answer. I was involved extensively in the legislative activities that led to the realization of the All Volunteer Force, especially the personnel management and compensation policies supporting that concept. During that period and following it, I evaluated, designed, reviewed, modified and contributed to the enactment of a multitude of programs. I was particularly pleased to contribute to the design and enactment of the Montgomery G.I. Bill and the Army College Fund. As the committee knows well, this program has ensured a steady flow of high quality, college bound youths into critical skills in the Army. In addition, it has provided the means by which young men and women have been able to pursue a college education, contributing even more to the society as a whole. I was also intimately involved in the initial efforts to transfer active missions to the Reserve components.

DEFENSE REFORMS

Question (6). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986; the amendments to the Act relating to special operations forces and low intensity conflict; and the recommendations of the Packard Commission.

Are you fully committed to the complete and effective implementation of the Act as amended and the recommendations of the Packard Commission?

What are the specific responsibilities of the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs for implementing the Act as amended and the recommendations of the Packard Commission within the Department of the Army?

Answer. Yes, I believe the recommendations and provisions are long overdue and full implementation will improve readiness and efficiencies within the Department of Defense, as a whole, and will conserve the limited resources made available for this Nation's defense.

I believe the ASA(M&RA) must play a key role in the implementation of the Act and the Commission recommendations. In the development of the Joint Specialty Officer and acquisition personnel, the Army selection, training, assignment and promotion systems must fully support the development and maturation of the programs. Additionally, the ASA(M&RA) must provide Secretariat oversight to ensure the provisions of law are fully implemented.

DEFENSE MANAGEMENT REVIEW

Question (7). What responsibilities will be assigned to the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs with regard to implementing the Defense Management Review in the Department of the Army?

Answer. Although I have not been briefed on the status of the various Defense Management Review initiatives, I am fully committed to the Packard Commission's goals and objectives and those of Secretary Cheney's July 1989 Defense Management Report. I strongly believe that implementation of the Packard Commission recommendations is important both to improve the efficiency of the Department of Defense and to maintain the confidence of U.S. citizens in our stewardship of limited resources.

MANAGEMENT SKILLS

Question (8). As Assistant Secretary of the Army for Manpower and Reserve Affairs, you will have a major role as a senior manager and leader within the Department of the Army. How would you assess your management and leadership skills for this position?

Answer. As the Staff Director of the Committee on Armed Services of the House of Representatives for the past five years, I dealt on a daily basis with the senior leadership of the committee, the Congress and the Department of Defense. The leadership and management skills required in that position will prove useful in the position of the ASA(M&RA). My primary style is one that seeks to establish teamwork and cooperation, recognizes the importance of compromise when appropriate but grounded on fundamental principles, and emphasizes the importance of the individual within the organizational framework. The ASA(M&RA) must establish and articulate a clear vision of where the personnel system of the Army should be heading in the long run; my experience in the congressional environment will be valuable in developing that direction.

DOD DRUG INTERDICTION ACTIVITIES

Question (9). Last year, Congress directed the Department of Defense to serve as the lead agency in the detection and monitoring of traffic involved in drug smuggling. The Congress also directed the Department to take the lead in integrating command, control communications, and technical intelligence assets into an effective communications network to aid in the drug interdiction effort.

What role, if any, would the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs have for drug policy in the Department of the Army?

Answer. Of course, the ASA(M&RA) is responsible for establishing Army policy regarding our soldiers' and civilian employees' abuse of alcohol and drugs. A drug free work place throughout the Army should be the standard.

Within the larger context of the Army's support for the DOD overall drug interdiction activities, I strongly support the increased involvement of the Department of Defense as a major agent in the Nation's fight against illegal drugs under the President's National Drug Control Strategy and Secretary Cheney's Counternarcotics Guidance.

TOTAL FORCE POLICY

Question (10). The Department of Defense has been operating under the Total Force Policy for over 15 years. Under this policy, substantial missions have been transferred from the Active to the Reserve forces. Today, combat operations cannot be sustained without reserve support. Yet, the committee has found a consistent pattern of low readiness in the Army Reserve combat support and combat support and combat service support units.

What is the role of the Office of Assistant Secretary of the Army for Manpower and Reserve Affairs with regard to active/reserve force mix policies and decisions in the Army?

What actions do you intend to take, if confirmed, to ensure the proper alignment of missions and resources between the active and reserve components in the Army, especially in light of potential future reductions in active force structure?

What is your assessment of the effectiveness of the Total Force policy in the Army since its implementation over 15 years ago?

Answer. The balance between active and reserve forces is a core issue for the future. Each is an asset of incalculable value. In assessing how each of these elements are to contribute, it is most important to me that the Army have a true long-range manpower and personnel planning process that is flexible enough to adjust to actual and potential changes in force structure.

I would prefer to withhold specific comments on the effectiveness of the Total Force policy in the Army until I can complete a careful review. However, in general, I believe this policy is an evolving success.

PROMOTION POLICY

Question (11). The committee has the responsibility for making recommendations to the Senate on military nominations involving the appointment, promotion, and retirement of military officers. In this regard, the committee relies on the Department of Defense to rigorously exercise its review and approval responsibilities.

What is your understanding of what these responsibilities are?

What is your view of the role of the Assistant Secretary of the Army for Manpower and Reserve Affairs in fulfilling these responsibilities?

Are you committed to ensuring the objective integrity of the promotion selection process in the Department of the Army and how do you envision exercising oversight over the Army?

Answer. Your question goes to the issue of the Secretary of the Army's statutory responsibility for developing, selecting and otherwise executing personnel management authority over those officers who would present themselves as candidates to lead the best of this nation's youth, possibly into combat. I know of no more moral imperative than that our soldiers are entitled to the absolute best in leadership. Our officer leaders, particularly those in general and field grade officer positions, must have performance records of the highest caliber, be of unimpeachable character and have the integrity and courage to fulfill their oath to protect and defend the Constitution of the United States.

Only through rigorous exercise of review and approval of responsibilities for selection board results can we in the Army ensure that the officers entrusted with the care of our soldiers are those who are the best qualified to meet the current and future needs of the nation.

To the best of my knowledge, the current officer selection and management process has served the Army and its soldiers well. My role as the ASA(M&RA) will be to take a fresh look at the process, to reinforce the positive aspects and to direct or recommand to the Secretary any changes necessary to ensure adherence to the moral imperative I cited earlier.

With regard to the specifics of the promotion selection process, I intend to review both the active and reserve systems, to assure the Secretary that the system is the best it can be; that the system has inherent integrity in all aspects. Integrity takes many forms. Not only must the promotion system be beyond reproach in terms of objectivity and fairness, we must also assure ourselves that the boards are selecting the best qualified officers in each skill or career field to support current and future requirements. This is critically important as we contemplate adjustments to force size. The ASA(M&RA) should have an active role in the establishment and assessment of the promotion system.

MEDICAL SHORTAGES

Question (12). One of the most serious personnel problems affecting the combat readiness of our forces in wartime is the shortage of medical personnel in our reserve forces.

Do you view this problem as one that you would have primary responsibility for solving if confirmed?

What would be your relationship to the Surgeon General of the Army in this regard?

Answer. As the Army's principal manpower executive, I have the primary responsibility for solving the shortage of medical personnel both active and reserve. The shortage is more severe in our Reserve forces—especially in some physician and nursing specialties, and particularly in the Individual Ready Reserve. Given the appropriate resources and emphasis, this is one problem I would hope we can solve.

The Army Surgeon General would be my principal advisor in all issues pertaining to health policy and programs. However, because health manpower overlaps with other personnel management issues, the Army's Deputy Chief of Staff for Personnel; the Chief, Army Reserve; and Chief, National Guard Bureau would assist in coordinating policy formulations and program development and execution. The Surgeon General and his staff have the technical knowledge and expertise to know what needs to be done, the Deputy Chief of Staff for Personnel and others would help prioritize these requirements and oversee the implementation of resulting programs.

ALL-VOLUNTEER FORCE

Question (13). What are your views on the current and long-term health of the volunteer force in the Army?

Answer. In November 1983, then-Secretary of Defense Weinberger stated, "We know now that an All-Volunteer Force can succeed, and we know what it takes to make it succeed. We need only the will, the perseverance, and the commitment to quality." And since that statement, the Army has only gotten better.

I know of no reason why the commitment of the Executive and Legislative Branches to the volunteer concept should diminish in future years. As long as the commitment to support our soldiers in an exceptional manner remains, the volunteer force will succeed. And while we tend to focus on the active volunteer force, I also note that there are no draft-induced volunteers in our Reserve component. Active, Guard, and Reserve, the Total Force is made up of true volunteers.

Question (14). How would you assess the current capability of the Army to meet the military manpower requirements in the first 2 months of a major international conflict?

Answer. I have not had an opportunity to be fully briefed on this subject. If I should be confirmed, it will be a high priority issue for me to address immediately. It is my personal belief that the Army is fully capable of defending the United States in any realistic scenario.

[Questions for the record with answers supplied follow:]

Questions Submitted by Senator Alan J. Dixon

EDUCATION SERVICES

Senator Dixon. Will the Army's policies for procuring post-secondary off-duty education services in Europe (including the pending USAREUR request for proposals) and elsewhere be modified after the submission of the report to incorporate the findings and policies adopted by the Secretary and Section 1212 as amended which require choice in the offerings of education services?

Mr. Wincup. Because of my work on this issue during my service with the House Armed Services Committee, I intend to recuse myself from acting on it and defer to my deputy. However, I have been told that in September of this year, the GAO ruled that the current USAREUR request for proposals (RFP) was reasonable and consistent with the DOD Instruction 1322.19 on Voluntary Education Overseas. Should the DOD instruction be modified as a result of the study to be conducted before March of next year, the Army will modify its policies accordingly, and if needed the current RFP will be revised.

Senator Dixon. One element of the Secretary's study is a recommendation to ensure adequate service for personnel at geographically isolated installations and at installations with small complements. It is my understanding that service Secretaries have the authority to address that concern in the procurement process by allocating on an equitable basis the responsibility to serve smaller and/or isolated sites among schools seeking to serve the larger installations. Would you agree that this need can be addressed within the contracting process?

Mr. Wincup. Again, I must note my previous work on this issue in the House and my decision not to personally participate in the decision making process. I would anticipate that the Secretary's study would examine the variety of methods available to link educational needs with the contracting process. I will say that I am sure that we both share the desire for our soldiers to have access to affordable off-duty education.

Senator Dixon. I am concerned that the legitimate questions raised about the pending Army procurement may affect how some institutions that are presently providing these educational services are treated. Will you see to it that all educational institutions providing postsecondary education services overseas are afforded equitable treatment in the assignment of course and program responsibilities and in access to resources within each command where such services are being offered?

Mr. Wincup. Both course and program responsibilities and access to resources for institutions currently providing postsecondary education services overseas are covered in existing memoranda of understanding and/or contracts between the command and the individual institutions. These agreements will be extended until such time as a new contract is awarded, and while, as I noted previously, I will not take any personal action on this, I can assure they will not be modified in any substantive way which impacts on course and program responsibility or access to resources.

Questions Submitted by Senator John McCain

HIGH SCHOOL GRADUATES

Senator McCain. The Army is currently recruiting well over 85 percent high school graduates. In past years, the percentage has been over 90 percent. Why do the services need such a high percentage of high school graduates if the national average is 75 percent high school graduates?

Mr. Wincup. The U.S. Army began recruiting more than 90 percent high school diploma graduates in fiscal year 1984 and most recently, in fiscal year 1989 recruited 89.9 percent graduates. Throughout these years the Army has recognized the importance of the graduate soldier because he or she completes the full term of service at a significantly higher rate than the non-graduate. Over these years, the high school graduate attrition rate averaged 27 percent while the non-graduate attrition rate has been 1.8 times larger at an average rate of 48.8 percent. These additional soldiers lost before their term is completed require costly replacements which must be recruited and trained. The 90 percent objective for high school graduate content of accessions reflects the Army's goal to reduce attrition to the lowest possible level. Present attrition rates reflect a similar relationship with the non-graduate attrition rate at 43.6 percent and a graduate attrition rate of 26.6 percent. The Army requires mature, intelligent, and tenacious young people who are at a level above average to meet the rigors and challenges of the Army.

RECRUITING PROBLEMS

Senator McCain. What are the problems that the recruiting force, and by this I mean the recruiter on the street, currently face and what problems do they face in the next 2 to 3 years?

Mr. Wincup. The vast majority of our recruiting force is comprised of junior grade NCOs who, due to the demands of the recruiting mission, are required to live in our civilian communities. As a result, in monetary instances, they and their families can not take advantage of the dollar stretching services normally provided to them on a military base. Many of these junior grade NCOs are assigned to high cost living areas of our country and often have difficulty finding affordable housing. The potential closure of some of our military bases, as well as some of the government housing provided to some of our recruiting force, will undoubtedly compound the housing and military support facilities problem.

Many of our recruiters are assigned to recruiting stations within the major cities of our country. Along with such an assignment are the social problems associated with life in the inner city. Recruiters are required to enter into parts of our cities that you and I might purposely try to avoid. By all accounts, the problems of drugs and of the homeless will only get worse in the next few years. Our recruiters are now coping with and will have to continue to cope with these social problems in the years ahead.

Finally, our country's desire to manage the budget has affected the amount of monetary resources our recruiters have been given to support their mission. Decreases in advertising dollars of monies for enlistment incentives could be a potential problem that our recruiters will have to overcome in the near future.

2-YEAR ENLISTMENT

Senator McCain. There has been a lot of discussion of the usefulness of a 2-year enlistment. Can you give us your thoughts on how the Army would utilize a 2-year enlistment program?

Mr. Wincup. The Army's 2-year enlistment option is a valuable tool that attracts high quality, college bound youth. All 2-year soldiers are high school graduates who have scored in the upper half of the Armed Forces Qualification Test (Test Category I-IIIA). The 2-year option appeals to youths who are uncertain of their career intentions, or to youths who plan to attend college and are enlisting for educational benefits. Young adults consider even 2-years to be a long commitment. By offering the 2-year option, the Army captures a youth market who otherwise would not have enlisted. New Recruit Surveys from 1986 thru 1988 indicate over 60 percent of the 2-year recruits would not have enlisted without the 2-year option.

In addition to the high quality restrictions placed on 2-year enlistments, the option is targeted to hard to fill skills. Of the 44 skills currently offering the 2-year option, 18 are in the combat arms, another 19 skills are in a special test program referred to as Army College Fund (ACF) Plus (or as the 2+2+4 Program).

Since fiscal year 1988, Congressional guidance has limited the 2-year enlistment with ACF to combat arms skills. In view of declining demographics and to ensure a high quality force, the Army requested and received Congressional approval to test the ACF Plus enlistment option. This program allows two year enlistments with ACF in non-combat skills, provided the soldier also serves 2 years in a Army Reserve or National Guard Troop Program Unit after active duty. The test, designed and conducted by the RAND Corporation, began July 1, 1989 and runs through September 30, 1990, with an interim report due to Congress in February. The ACF Plus option serves two purposes—the Active component enlists a high quality soldier and the Reserve components receive a high quality, trained soldier.

The 2-year enlistment program is a market expander which allows the Army to enlist a high quality soldier in a hard to fill skill, with the ACF Plus program providing an added benefit to the Reserves.

QUALIFIED MILITARY AVAILABLE

Senator McCain. As the number of Qualified Military Available continues to decrease into the 1990s, there is some concern, even with projected military manpower reductions, that it will become more and more difficult to recruit the number of quality recruits needed as private industry competes with the military for high quality manpower. What are your thoughts on future difficulties given the QMA trends?

Mr. Wincup. The military must remain competitive with private industry in terms of salary, benefits, life experience opportunities, enlistment and reenlistment bonuses, etc. The costs of maintaining quality in this difficult environment may somewhat reduce savings associated with a smaller military force. Matching the individual to the job must receive even greater emphasis to ensure maximum productive use is made of the available manpower pool. The Army will also need to strongly emphasize reenlistment opportunities for top performers and soldiers with particularly promising leadership abilities. Future difficulties can be avoided if the Congress continues to focus on the competitive edge and resources needed by the Army to recruit and retain quality soldiers during this QMA downturn.

REENLISTMENT TRENDS

Senator McCain. What are the current reenlistment trends in the service?

Mr. Wincup. Army reenlistment trends have been up since 1988, especially in the Initial Term category. The upward trend of Initial Termers is good news, especially in light of the very high quality of our Initial Term population.

There are variations within skills and terms of enlistment, but the overall Initial Term reenlistment rate in fiscal year 1989 was 46 percent. The overall reenlistment rate in fiscal year 1989 was 70 percent, up from 65 percent in fiscal year 1988.

RECRUITERS

Senator McCain. How many recruiters have been relieved for cause in the last 12 months? How many reliefs for the good of the service? What are the trends in reliefs in the recruiting commands?

Mr. Wincup. As of October 31, 1989, the number of recruiters relieved for cause during fiscal year 1989 was 64. During fiscal year 1988, the US Army Recruiting Command (USAREC) relieved 118 recruiters for cause. This reflects about a 46 percent decrease in reliefs for cause.

Officially, there is not a category of relief known as relief for the good of the service. However, USAREC has other categories of relief, such as relief for unsuitability or ineffectiveness, that I believe will answer the intent of your question. During fiscal year 1989, USAREC relieved, for other reasons than cause, 503 recruiters. During fiscal year 1988, USAREC relieved 502 recruiters for reasons other than cause.

Overall, I think it is easy to grasp that the trends indicate our recruiters are recruiting with more integrity than ever before. When you look at the relatively equal number of total reliefs, for other reasons than cause, you could say that the demands of recruiting duty will naturally take their toll on some of our force. USAREC appears to be managing that attrition factor very well.

Frankly, even though the trend is good, these are relatively significant numbers and we will try to lower these absolute numbers by improving our screening process.

RECRUITING COMMANDS

Senator McCain. In your estimation, what do the recruiting commands need to continue to be successful? How do you measure success for the production recruiter?

Mr. Wincup. Allow me to answer your latter question first. Each of our recruiters is assigned a monthly mission in writing. The technical name for this written mission is a Mission Box. A recruiter's Mission Box assigns to him or her a numerical mission by sex, education level, and mental category to achieve during any given recruiting month. If a recruiter meets or exceeds his or her category requirements, that recruiter is measured as a success, and in my opinion, deservedly so.

To answer your first question, a recruiter needs every resource he or she currently has in order to remain a success. The ability to advertise the opportunities found in the Army of today will continue to require money. The Army has traditionally had the largest recruiting mission out of all our Armed Forces. The decrease in the number of Qualified Military Available in the years ahead will force recruiting among all our Armed Forces to be much more competitive. To be able to achieve its mission, the Army will have to have a competitive edge among the various service recruiters. Enlistment incentives such as cash enlistment bonuses, the Army College Fund, the 2-Year Enlistment Option, and the Loan Repayment Program, must continue to be funded if the Army is to succeed in a more competitive and shrinking market environment.

We must also not lose sight of the human factor in our recruiting mission. We must continue to work on quality of life issues for our field recruiters. Tackling the high cost of housing for some of our recruiters and providing the services to them and their families that they found when assigned to a military base, but not now in their present assignment, will continue to place demands on our abilities to provide resources.

SINGLE PARENT AND DUAL MEMBER FAMILIES

Senator McCAIN. Mr. Wincup, the number of single parent and dual member families has continued to increase in current years. There is a suggestion that these single parent families and dual member parents have a negative impact on readiness. What are your thoughts on the single parent member and dual member parents and their impact on readiness?

Mr. WINCUP. To date, there is no conclusive or quantified evidence that shows that conditions of single or dual military parenthood negatively impact readiness. Current existing data (both anecdotal and statistical) are too unsystematic and unfocused to determine with confidence whether or not single parents detract from either readiness, unit cohesion or warfighting performance. There has been no field research that addresses the existence of a readiness or deployability problem within deployed units to determine if single parent soldiers are a key source of lost unit readiness and cohesion during field training or in real world alerts and deployments.

The Community and Family Support Center is sponsoring field research by the Walter Reed Army Institute of Research and a RAND Arroyo study on "Dual Family Members and Single Parents in the Army: Issues and Effects." Preliminary findings by RAND show that readiness when addressed in terms of reporting for work, performing well, and work demands is not significantly different between married and single soldiers and that family or personal reasons are not the primary reasons for soldiers being late for, missing a no-notice alert, or leaving a deployment early.

Comprehensive analysis of the RAND research should be released in early fiscal year 1991.

[The nomination reference of G. Kim Wincup follows:]

NOMINATION REFERENCE

As In Executive Session,
Senate of the United States,
November 6, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

G. Kim Wincup, of Maryland, to be an Assistant Secretary of the Army, vice Delbert L. Spurlock, Jr., resigned.

[The biographical sketch of G. Kim Wincup, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF G. KIM WINCUP

SUMMARY

Fifteen years of increasing responsibility with extensive legislative, general legal, and management experience as a counsel and Staff Director of the Committee on Armed Services, U.S. House of Representatives.

EXPERIENCE

Committee on Armed Services

1984-present—*Staff Director.*—Responsible for all legislative, policy and management activities of the committee. Reporting directly to Chairman and Ranking Minority Member for management of non-partisan committee staff.

1983-84—*Assistant General Counsel.*—Responsible for parliamentary and legal aspects of committee's activities as well as general involvement in legislative aspects of development and procurement of major weapons systems.

1974-83—*Counsel.*—Principal staff for Military Personnel Subcommittee. Involved in all aspects of military personnel legislation, including force levels training, matters relating to the creation of the All Volunteer Force, the re-institution of the requirement for registration with the Selective Service System, military recruiting, and military law matters in general.

United States Air Force

1970-73—*Judge Advocate.*—Two years as Deputy Staff Judge Advocate at base legal office of six attorneys, and two years as Assistant Judge Advocate in general court-martial convening authority. Involved in prosecution and defense of numerous courts-martial, as well as review of civil and administrative law cases.

EDUCATION

University of Illinois, J.D. 1969; DePauw University, B.A. 1966.

BAR ADMISSIONS

Illinois; District of Columbia; Supreme Court.

PERSONAL BACKGROUND

Married to Pamela June with three children—Tori 20, Todd 17, and Bret 14. Principal outside interests—tennis and woodworking.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by G. Kim Wincup in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

Instructions to the Nominee: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

Part A—Biographical Information

Instruction to the Nominee: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

G. Kim Wincup.

2. **Position to which nominated:**

Assistant Secretary of the Army, Manpower and Reserve Affairs.

3. **Date of nomination:**

November 6, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

Sept. 6, 1944, St. Louis, MO.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married, wife's maiden name, Foulks.

7. **Names and ages of children:**

Tori Christine, 20; Todd Ryan, 17; Bret Mills, 14.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Kirkwood High School, Kirkwood, MO, high school diploma, June, 1962.
DePauw University, Greencastle, Ind., B.A., June, 1966.
University of Illinois, Urbana, Ill., J.D., June, 1969.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Staff Director/Counsel, Committee on Armed Services, 2120 Rayburn, HOB, U.S. House of Representatives, Washington, D.C., Jan. 1974—present.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Military Service—U.S. Air Force, Jan. 1970-Dec. 1973.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Member, Kenwood Country Club, Bethesda, MD.
Member, Illinois, Bar Association.
Member, D.C. Bar Association.
Member, Supreme Court Bar.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political parity, political action committee, or similar entity of $100 or more for the past 5 years.

None.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service of achievements.

None.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provided the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

While I have spoken to groups and participated in numerous panel discussions, I have never had a formal speech with a prepared text.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I have been interested in a senior position in the Department of Defense related to legal and military personnel matters in furtherance of my professional experience with the House Armed Services Committee. I assume it was for this reason that the Secretary of Defense recommended my nomination to the President.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have served 4 years in the military and 16 with the committee, 10 of which I specialized in military personnel issues. This specialized experience plus a general involvement with defense issues of all types provide a solid background for such a position.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: G. Kim Wincup.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation. If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have your or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully des- cribe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

G. KIM WINCUP.

This 16th day of October, 1989.

[The nomination of G. Kim Wincup was reported to the Senate by Senator Sam Nunn on November 15, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 17, 1989.]

[Prepared questions submitted to Barbara Spyridon Pope by Senator Nunn prior to the hearing with answers supplied follow:]

NOVEMBER 7, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I appreciate the opportunity to respond to your questions regarding Navy policy and management issues. Enclosed are my responses, as requested.

I look forward to the opportunity to appear before your Committee.

Sincerely,

BARBARA SPYRIDON POPE,
Deputy Assistant Secretary of Defense,
(Family Support, Education and Safety).

Enclosure.

RESPONSIBILITIES OF THE ASSISTANT SECRETARY OF THE NAVY FOR MANPOWER AND RESERVE AFFAIRS

Question (1). Should you be confirmed as Assistant Secretary of the Navy for Manpower and Reserve Affairs, what would you view as your principal responsibilities to the Secretary of the Navy?

Will the Assistant Secretary of the Navy for Manpower and Reserve Affairs have overall responsibility for Total Force manpower requirements and personnel policy in the Navy and Marine Corps?

Answer. I would be the principal advisor to the Secretary of the Navy for all manpower and reserve affairs issues. This includes Total Force manpower requirements, and policy relating to military personnel (active and reserve), their dependents, and civilian personnel. Other specific functional areas include:

(1) Liaison with the Assistant Secretary of Defense (Force Management and Personnel), the Assistant Secretary of Defense (Health Affairs), Assistant Secretary of Defense (Reserve Affairs), and other Assistant Secretaries, as appropriate;

(2) All health affairs issues and programs within the Department of the Navy;

(3) The management and administration of all civilian personnel policies and programs; and

(4) The development and administration of all policies and programs pertaining to military dependents of military personnel, drug and alcohol abuse, family violence, and quality of life programs.

RELATIONSHIP TO THE ASSISTANT SECRETARIES OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL, RESERVE AFFAIRS, AND HEALTH AFFAIRS

Question (2). The Assistant Secretaries of Defense for Force Management and Personnel, Reserve Affairs and Health Affairs, are assigned responsibilities which directly affect the management and control of active, reserve, and health care manpower.

What will be your relationship to these officials?

Answer. As the prospective Assistant Secretary of the Navy for Manpower and Reserve Affairs, I expect to have a very close working relationship with these Assistant Secretaries. In order to implement effective Navy policy in these areas, it is necessary to interface directly and frequently with these officials.

RELATIONSHIP TO MILITARY MANPOWER OFFICIALS IN THE NAVY AND MARINE CORPS

Question (3). What will your relationship be to the Chief of Naval Personnel, the Director of Naval Reserve, and the Deputy Chief of Staff for Manpower and Reserve Affairs for the Marine Corps?

Answer. It will be my responsibility to work closely with these Service manpower chiefs to design and coordinate programs to efficiently manage the manpower and personnel resources available to us.

MOST SERIOUS PROBLEMS

Question (4). What do you consider to be the most serious problems in the management of Navy and Marine Corps manpower, how do you intend to deal with these problems, and what time tables would you establish for each?

Answer. We must continue to ensure that Navy and Marine Corps manpower requirements are justified and resourced, and that requirements are met with the optimum, most cost effective, mix of active, reserve, and civilian manpower. Maintaining a high state of readiness as we face tighter budgets and force composition changes will present significant challenges throughout the next decade. This requires a strategy that fosters high quality recruitment and the continued retention of a trained, experienced military. For officers, we must achieve the objectives of the Goldwater-Nichols Act, Defense Management Report, and medical officer growth.

If confirmed, I will review these high priority issues at the earliest opportunity with all interested parties.

MANPOWER POLICY

Question (5). Please provide the committee with any salient analyses or reports you prepared in your current position on manpower issues and describe the effect these reports had on changing or formulating manpower policies within the Department of Defense.

Answer. In my areas of responsibility and oversight as the Deputy Assistant Secretary of Defense for Family Support, Education and Safety, I was not required to prepare any reports or analyses which impacted manpower policies within the Department of Defense.

DEFENSE REFORMS

Question (6). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986; the amendments to the Act relating to special operations forces and low intensity conflict; and the recommendations of the Packard Commission.

Are you fully committed to the complete and effective implementation of the Act as amended and the recommendations of the Packard Commission?

Answer. I am fully committed to the letter and the spirit of the Goldwater-Nichols Act, as amended, and support the positive strides in its implementation. I will provide the necessary oversight to ensure it is executed in a timely fashion. I fully support and will pursue the legislative initiatives needed to enhance the quality of the acquisition workforce as recommended by the Packard Commission and Secretary Cheney's Defense Management Report.

Question. What are the specific responsibilities of the Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs for implementing the Act as amended and the recommendations of the Packard Commission within the Department of the Navy?

Answer. It is my understanding that the specific responsibilities of the Assistant Secretary for implementing the Goldwater-Nichols Act are: (1) approve the requests for Joint Duty Assignment waivers allowed by law, (2) review the semiannual report to Congress on Title IV implementation, and (3) review the recommended Joint Service Officer nomination list.

The specific responsibility of the Assistant Secretary in implementing the Packard Commission recommendations is to serve the Department as the lead office in partnership with the Army and Air Force in developing proposals for DOD to achieve the necessary workforce in periods of scarce skills and increasing technological demands.

DEFENSE MANAGEMENT REVIEW

Question (7). What responsibilities will be assigned to the Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs with regard to implementing the Defense Management Review in the Department of the Navy?

Answer. Implementation plans for the recommendations contained in the Defense Management Report are under review and the role of the Assistant Secretary of the Navy (Manpower and Reserve Affairs) has not yet been finally determined. The Assistant Secretary of the Navy (Manpower and Reserve Affairs) will be a member of the Conventional Forces Readiness Committee (CRFC), established under the Defense Management Report. The CRFC will raise manpower and readiness issues to the Deputy Secretary of Defense.

I expect the ASN(M&RA) will have oversight responsibility within the Department of the Navy for Defense Management Report recommendations that affected manpower or personnel policy.

MANAGEMENT SKILLS

Question (8). As Assistant Secretary of the Navy for Manpower and Reserve Affairs, you will have a major role as a senior manager and leader within the Department of the Navy. How would you assess your management and leadership skills for this position?

Answer. Having served as a senior manager in the Office of the Secretary of Defense for the past 3½ years, I have a proven track record as a strong, competent leader and manager whose responsibilities spanned a broad range of issues from explosive safety, to day care, to dependents schools. These skills will enable me to be very effective as a prospective senior manager in the Navy.

DOD DRUG INTERDICTION ACTIVITIES

Question (9). Last year, Congress directed the Department of Defense to serve as the lead agency in the detection and monitoring of air and sea traffic involved in drug smuggling. The Congress also directed the Department to take the lead in integrating command, control communications, and technical intelligence assets into an effective communications network to aid in the drug interdiction effort.

What role, if any, would the Office of the Assistant Secretary of the Navy for Manpower and Reserve Affairs have for drug policy in the Department of the Navy?

Answer. The Department of the Navy, by its nature, has been and will continue to be a major resource provider in the Department of Defense's detection and monitoring mission. In support of this mission the Office of the Assistant Secretary of the Navy will provide the manpower and reserve resources necessary for effective drug interdiction. The office has also been pro-active in utilizing reserve officers to work with local schools to positively impact the "demand side" of substance abuse in America.

TOTAL FORCE POLICY

Question (10). The Department of Defense has been operating under the Total Force Policy for over 15 years. Under this policy, substantial missions have been transferred from the Active to the Reserve forces. Today, combat operations cannot be sustained without reserve support.

What is the role of the Office of Assistant Secretary of the Navy for Manpower and Reserve Affairs with regard to active/reserve force mix policies and decisions in the Navy and Marine Corps?

Answer. The Office of the Assistant Secretary of the Navy (Manpower and Reserve Affairs) is charged with the development and implementation of Department of the Navy Total Force policy, including the requirement to fully address the issues facing the Navy and Marine Corps in the final phases of integrating Active duty, civilian, and Reserve component personnel across the spectrum of naval warfare.

Question. What actions do you intend to take, if confirmed, to ensure the proper alignment of missions and resources between the active and reserve components in the Navy and Marine Corps, especially in light of potential future reductions in active force structure?

Answer. The proper alignment will be determined by a number of factors within and external to the Navy. Defining these roles is contingent on the national security strategy. I intend to establish close working relationships with those individuals who develop the Total Force Policy execution plans and to ensure that Total Force Policy reflects a responsible balance between security requirements and fiscal reality.

Question. What is your assessment of the effectiveness of the Total Force policy in the Navy and Marine Corps since its implementation over 15 years ago?

Answer. From all indications, reserve readiness has significantly improved to the point where many units compare favorably with the same type units in the active forces. If confirmed, I will work hard to ensure that a proper mix of capability exists between the Active and Reserve forces.

PROMOTION POLICY

Question (11). The committee has the responsibility for making recommendations to the Senate on military nominations involving the appointment, promotion, and retirement of military officers. In this regard, the Committee relies on the Department of Defense to rigorously exercise its review and approval responsibilities.

What is your understanding of what these responsibilities are?

Answer. Specific responsibilities include oversight of the Navy/Marine Corps officer promotion programs, review and approval of selection board precepts, and delineating and refining Departmental policies relating to promotion programs.

Question. What is your view of the role of the Assistant Secretary of the Navy for Manpower and Reserve Affairs in fulfilling these responsibilities?

Answer. I am committed to ensuring that the responsibilities of the Assistant Secretary of the Navy for Manpower and Reserve Affairs for officer promotion policy are carried out fully in compliance with the letter and spirit of the law.

Question. Are you committed to ensuring the objective integrity of the promotion selection process in the Department of the Navy and how do you envision exercising oversight over the Navy and Marine Corps?

Answer. Yes, I am strongly committed to integrity in the promotion selection process. I am advised that current procedures and policies provide an effective framework for exercising oversight. If I am confirmed, I will ensure that the institutionalized system we now have is maintained so that the public, the Congress, and the Naval Services retain confidence in the integrity of the system.

MEDICAL SHORTAGES

Question (12). One of the most serious personnel problems affecting the combat readiness of our forces in wartime is the shortage of medical personnel in our reserve forces.

Do you view this problem as one that you would have primary responsibility for solving if confirmed?

Answer. This is a major problem we must resolve and I accept responsibility for continuing to pursue improvements in our delivery of medical services. I also support programs within the Navy which are making excellent progress towards eliminating shortages. If confirmed, I intend to work closely with the Assistant Secretary of Defense for Health Affairs to strengthen our ability to attract and retain highly qualified and motivated medical personnel.

Question. What would be your relationship to the Surgeon General of the Navy in this regard?

Answer. If confirmed, I intend to have a close working relationship with the Surgeon General to support the successful, existing initiatives and to develop or expand other programs. I look to the Surgeon General and his staff to identify those programs whose success can be fostered or duplicated and to develop new ideas. This interface with the Surgeon General would allow me to monitor requirements and advocate solutions.

ALL VOLUNTEER FORCE

Question (13). What are your views on the current and long-term health of the volunteer force in the Navy and Marine Corps?

Answer. I believe the volunteer force is currently very healthy and will be able to continue to meet future requirements. Overall Navy enlisted retention reached a post-Vietnam high in 1989. This healthy retention rate is attributed to stable personnel policies and fully funded enlisted bonus programs. Current officer retention rates are sufficient to fill all operational billets; however, shortages do exist within the pilot, nuclear, medical corps, and nurse corps communities. To continue the health of the volunteer force, it is essential for the Navy to work closely with Congress on future funding for military compensation and recruiting resources. The challenge for the long term is to maintain a quality force sufficient to meet global operational requirements, given the declining youth population, competition from the civilian sector, and pressure to reduce defense resources.

Question (14). How would you assess the current capability of the Navy and Marine Corps to meet the military manpower requirements in the first 2 months of a major international conflict?

Answer. I am not yet able to give a definitive answer to this question. Manpower resources in the first 2 months of a major international conflict will come from onboard active and reserve units. The Navy and Marine Corps are generally able to meet the requirements with some shortages in specific skill areas. These are areas of continuing concern to the Navy and Marine Corps and will need to be evaluated fully.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN McCAIN

HIGH SCHOOL GRADUATES

Senator McCAIN. The Marine Corps and the Navy are currently recruiting well over 85 percent high school graduates. In past years, the percentage has been over

95 percent. Why do the services need such a high percentage of high school graduates if the national average is 75 percent high school graduates?

Mrs. POPE. It is the policy of the Navy and Marine Corps to select the "best qualified" individuals eligible to serve in their ranks. In the high-tech world of today, our quality goal of 90 percent high school diploma graduates is a hedge against the high cost of training and first term enlistment failure. During their first term of enlistment, high school graduates experience substantially lower attrition than non-high school graduates. Their higher aptitudes allow them to grasp and retain knowledge they receive during formal training. This fact has been borne out by the RAND Corporation Study of 1984 as well as numerous other reports. If there was sufficient market, we would prefer 100 percent high school graduates in our ranks as a means of improving unit stability, reducing turbulence, and saving training costs. The Navy and Marine Corps access non-high school diploma graduates if they achieve a mental aptitude test score in the upper 50 percentile in order to increase their chances of success in the technical ratings and occupational specialties. Even with this higher aptitude score, the non-high school diploma graduate will attrite at a higher rate than the high school diploma graduate.

RECRUITING PROBLEMS

Senator MCCAIN. What are the problems that the recruiting force, and by this I mean the recruiter on the street, currently face and what problems will they face in the next 2 to 3 years?

Mrs. POPE. The most immediate problem faced by every recruiter on a daily basis is the uncertainty of making goal. This uncertainty is influenced by other problems that can be categorized into four areas: (1) society-related problems, (2) service-related problems, (3) recruiting system problems, and (4) personal problems. Society-related problems include privacy act restrictions, false statements from applicants, inadequate school systems, denial of information pertaining to applicant's involvement with law enforcement officials, non-cooperative high schools, apathy toward military service, periodic unfavorable media coverage, and a declining market. Service-related problems include recruiter perceptions of high quantity production requirements, a declining budget which equates to less support, and fear of being relieved for cause or for the good of the service. Recruiting system problems include the threat of investigations resulting from malpractice allegations, Delayed Entry Program (DEP) pool and Recruit Training Command attrition, and administrative burdens associated with the system. Personal problems include the fear of failure, quality of life, family pressures, living conditions, affordable housing, family medical and dental care, and internal pressure generated by a strong desire to excel. These production stresses have been around for a long time and will continue over the next two to three years. We ask our recruiters to perform in an environment which is foreign to their rating/occupational specialty and does not provide the support normally available to active duty personnel on military bases. The Navy and Marine Corps continue to work aggressively at moderating the impact of these stressors by providing as much support as possible to our people and their families.

2-YEAR ENLISTMENT

Senator MCCAIN. There has been a lot of discussion of the usefulness of a 2-year enlistment. Can you give us your thoughts on how the Navy and the Marine Corps would utilize a 2-year enlistment program?

Mrs. POPE. The 2-year option is not considered to be a particularly useful enlistment tool by either the Navy or the Marine Corps. It is viewed more as a cause for depletion of the pool of high quality applicants required for our 4–6 year enlistment programs causing an increase in the non-prior service recruiting mission 2 years later. Guarantees which include technical training have a minimum obligation of 4 years. Often the technical training pipeline is extensive. Therefore, a 2-year active duty obligation leaves little opportunity for a return on our training investment. In addition, service members who are only assigned to a command for a short duration add turbulence to the unit and decrease the experience level of our forces. Accelerating their replacement to a 2 year cycle would increase the recruiting mission unnecessarily. Because there are some jobs which are essentially non-technical, the Navy has developed a 4-year enlistment option which defers advanced training for 18 to 24 months. This is believed to be more efficient than a 2-year enlistment contract by contributing to the general labor force and providing a more mature and experienced student when they begin their training.

QUALIFIED MILITARY AVAILABLE

Senator McCain. As the number of Qualified Military Available continues to decrease into the 1990's, there is some concern, even with projected military manpower reductions, that it will become more and more difficult to recruit the number of quality recruits needed as private industry competes with the military for high quality manpower. What are your thoughts on future difficulties given the QMA trends?

Mrs. Pope. The Navy and Marine Corps have already encountered an increase in competitive initiatives launched by the private sector. These come in the form of higher wages, college fund programs, added benefits, and attempts to show increased career potential. However, as many of the private sector jobs are actually limited in career progression, scope, responsibility and respectability, these factors can potentially benefit our recruiting efforts. To increase accessions, new programs are being developed that will appeal to the college bound market segment. We have intensified our advertising efforts to reach more effectively the 17 to 21 year old market. As another method of offsetting the decline in QMA, the Navy and Marine Corps continue to take actions to reduce attrition in the fleet thereby reducing new accessions required each year. We will continue to pursue adequate compensation for all service members to compete with industry.

REENLISTMENT TRENDS

Senator McCain. What are the current reenlistment trends in the service?

Mrs. Pope. Overall, gross retention for the Navy is at its highest level in the post-Vietnam era. The improvement can be attributed to several factors: policy stability, a fully funded Selective Reenlistment Bonus (SRB) Program, and increased command-level attention on attrition and retention issues. The Navy expects overall enlisted retention rates to remain steady during fiscal year 1990. Although the Marine Corps did not meet their goals set for reenlistments in fiscal year 1989, their total number was consistent with recent years. Complaints heard most often are non-competitive pay and allowances, excessive family separations, and rumors of large manpower reductions in the near term. Perceived erosion of benefits also contributes to dissatisfaction by both members and their dependents.

RECRUITERS

Senator McCain. How many recruiters have been relieved for cause in the last 12 months? How many reliefs for good of the service? What are the trends in reliefs in the recruiting commands?

Mrs. Pope. The Navy had 35 recruiters who were relieved for cause in fiscal year 1989. Although the Navy does not have a category of relief for the good of the service, 111 recruiters received transfers for various reasons not necessarily production related. The number of investigations per accession increased over the last 7 years; however, the percent of substantiated irregularities per accession has decreased. The Marine Corps had 152 recruiters relieved for cause and 53 relieved for the good of the service during fiscal year 1989.

There were 47 more Marine recruiters relieved this year than last year and the majority were relieved for cause due to discipline, productivity and malpractice problems. Prior to fiscal year 1989, the total number of Marine recruiters being relieved had been on a downward trend for 5 years.

RECRUITING COMMANDS

Senator McCain. In your estimation, what do the recruiting commands need to continue to be successful? How do you measure success for the production recruiter?

Mrs. Pope. To continue to be successful, Navy and Marine Corps recruiting needs adequate resources. Day to day recruiting operations must be fully supported. Resourcing must include continued service, specific national television advertising, funding for personnel, vehicles, phones, facilities, training, and recruiters who are front-runners in the fleet. The recruiter measures his success in terms of production and mission attainment. The services provide standards of attainment which are sensitive to both the quantity and the quality of the recruits. These standards are the foundation of all competition and award systems and focus recruiter production efforts. As the competition increases for top quality, high school diploma graduates, this focusing of effort is critical to our success.

SINGLE PARENT AND DUAL MEMBER FAMILIES

Senator McCAIN. The number of single parent and dual member families have continued to increase in current years. There is a suggestion that these single parent families and dual member parents have a negative impact on readiness. What are your thoughts on the single parent member and dual member parents and their impact on readiness?

Mrs. POPE. The Navy and Marine Corps recognize the unique situations that occur when single parents and dual member parents are assigned to some types of duty/duty stations; however, a preferential assignment policy for them would be discriminatory toward other service members. Single parents (male and female) and dual member parents are assigned using the same policies and procedures applicable to all service members. Although the importance of family unity is recognized, military service by its very nature involves family separation. From an assignment viewpoint, the single parent and dual member parents' impact on readiness is minimal. Assignment officers attempt to support both the needs of the individuals and the needs of the service. Most of those concerned understand their responsibilities in respect to readiness. The majority of problems with dual member families occur when the members are from two different services which have contrary assignment policies.

[The nomination reference of Barbara Spyridon Pope follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
September 6, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Barbara Spyridon Pope, of Mississippi, to be an Assistant Secretary of the Navy, vice Kenneth P. Bergquist, resigned.

[The biographical sketch of Barbara Spyridon Pope, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF BARBARA SPYRIDON POPE

BACKGROUND

Successful and effective manager with solid record of accomplishments. A career history of increasingly responsible positions and a reputation for developing creative solutions to difficult business problems.

ACCOMPLISHMENTS

Personally negotiated a $16 million contract with the Governor of Guam to resolve a 20-year educational problem.

Testified on behalf of the Administration before numerous Congressional Committees on critical issues of budget, safety, child care, education, and child abuse.

Established first Pentagon Day Care Center and developed regulations for worldwide operation of 640 centers.

Recognized by Parent-Teacher Organizations and Commanders in Chief around the world for resolving major communications problems, reducing administrative staff by 10 percent, and improving the quality of education in the Defense School System.

Addressed child sexual abuse by establishing first specially trained, multidisciplinary team, making the Department the leader in child abuse intervention.

Developed and implemented the first Memorandum of Understanding between the Departments of Defense and Health & Human Services to expand Quality-of-Life programs for military families.

EXPERIENCE

Department of Defense

Deputy Assistant Secretary of Defense for Family Support, Education and Safety, 1986 to present.—Directly responsible for the management, program development and $1.1 billion budget of a multifaceted, worldwide defense organization for family programs, dependents education, and worker safety, with seven directorates and 14,000 employees.

Manage the successful operation of the 9th largest school system in the U.S. with 190,000 students in 337 schools in 19 countries, 8 states, and Puerto Rico.

Spokesperson and chief advocate for Quality-of-Life issues, addressing forums around the world; responsible for family programs for 4.9 million military members and dependents, including support programs, spouse employment, child care, child/spouse abuse, volunteer activities, and special education programs.

Developed the first federal worker training program for handling hazardous materials resulting in improved workplace safety.

U.S. Small Business Administration

Special Assistant to the Administrator, 1982 to 1986.—Key member of Senior Management Team and Acting Chief of Staff responsible for Agency's strategic planning, budget, and policy implementation for 5,000 employees in 100 offices.

Executive Director, Presidential Advisory Committee on Women Business Ownership to review their business status and submit a report to the President.

Liaison with 23 program and 10 regional offices.

Employee Development Specialist, Office of Personnel, 1980-82.—Directed national management recruitment/development program; recruited, screened, trained and placed candidates.

Designed, implemented, and conducted stress management, supervisory, communication/motivational training programs for managers.

Administrative Assistant, Office of General Counsel, 1979-80.—Recruited to reorganize office, improve effectiveness and communication with program offices.

Senator Barry Goldwater, 1974-79

Staff Assistant, U.S. Senate.—Resolved casework; reviewed and drafted legislation.

Represented Senator at meetings with constituents, special interest groups and trade associations.

EDUCATION

George Washington University, Graduate Study, 1978-80.
Vanderbilt University, B.A. Psychology, 1973.

ACTIVITIES

Greek-American St. Andrews Medal for Public Service, 1988.
American Hellenic Who's Who in Business and Professions, 1984-88.
Who's Who in Washington, D.C., 1984-88.
Who's Who in America, 1986-88.
Who's Who in American Politics, 1985-88.
White House Great American Family Judge, 1987-88.
Department of Labor Federal Advisory Council on Occupational Safety and Health, 1986-88.
Downtown Jaycees, Board of Directors, 1984-86.
Outstanding Young Women in America, 1981-82.
Charles Edison Memorial Youth Fund, 1976.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Barbara Spyridon Pope in connection with her nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTION TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Barbara Spyridon Pope (Maiden name: Barbara Lee Spyridon).

2. **Position to which nominated:**

Assistant Secretary of the Navy (Manpower and Reserve Affairs).

3. **Date of nomination:**

September 6, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

November 10, 1951, Pittsburgh, Pennsylvania.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Married, Husband James Selkirk Pope.

7. **Names and ages of children:**

James Cantwell Pope, 23 Months.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

George Washington University, 7/75-5/80.
Vanderbilt University, 9/71-5/73.
Weseleyan College, 8/69-5/71.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Deputy Assistant Secretary of Defense for Family Support, Education, and Safety, Department of Defense, Pentagon, 6/2/86 to present.

Special Assistant, Small Business Administration, 1441 L St., NW., Washington, D.C., 9/82-5/86.

Employee Development Specialist, 4/80-9/82.

Confidential Assistant, 1/78-3/80.

Staff Assistant, Senator Barry Goldwater, U.S. Senate, 1/74-1/78.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local government, other than those listed above.

Department of Labor Federal Advisory Council on Occupational Safety and Health, 1986-present.

Executive Director, Presidential Task Force on Women Business Ownership, 1984-1985.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Kiwives—Member (Spouse Committee on Washington, D.C., Kiwanis Chapter).

Downtown Jaycees—Member (Board of Directors, 1984 and 1985).

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in the services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

$1,000 to Presidential Trust for George Bush.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Secretary of Defense Medal for Outstanding Public Service.
Greek-American St. Andrews Medal for Public Service.
American Hellenic "Who's Who in Business and Professions.
Special Achievement Awards at Small Business Administration.
Scottish Rite Fellowship for graduate study at George Washington, Univ.
Who's Who in Washington, D.C., 1984–88.
Who's Who in America, 1986–88.
Who's Who in American Politics, 1985–88.
White House Great American Family Judge.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

My speeches have been extemporaneous.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe my former boss, the Assistant Secretary of Defense for Force Management and Personnel, and the former Secretary of Defense recommended me to Secretary Cheney, who then recommended me to the President.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I believe that my proven track record of strong effective leadership and management, 3 years of Defense experience in manpower, and a broad understanding of Defense issues all qualify me for the position of Assistant Secretary of the Navy for Manpower and Reserve Affairs.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Barbara Spyridon Pope.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal propery which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

BARBARA SPYRIDON POPE.

This 10th day of July, 1989.

[The nomination of Barbara Spyridon Pope was reported to the Senate by Senator Sam Nunn on November 15, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 20, 1989.]

NOMINATIONS OF SUSAN J. CRAWFORD TO BE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE; AND JEROME G. COOPER TO BE ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER RESERVE AFFAIRS, INSTALLATIONS, AND LOGISTICS

MONDAY, NOVEMBER 20, 1989

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 2:25 p.m., in room SR-222, Russell Senate Office Building, Senator Sam Nunn (chairman) presiding.

Committee members present: Senators Nunn, Glenn, Wirth, Shelby, Warner, Thurmond and Lott.

Other members present: Representatives Byron and Bentley.

Committee staff members present: Arnold L. Punaro, staff director; and Andrew S. Effron, general counsel.

Professional staff members present: Robert E. Bayer, David S. Lyles, and Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Romie L. Brownlee, deputy staff director for the minority; George W. Lauffer and John E. Mansfield, professional staff members.

Staff assistants present: Barbara L. Braucht and Mickie Jan Wise.

Committee members' assistants present: Jeffrey B. Subko, assistant to Senator Exon; Christopher E. Paine, assistant to Senator Kennedy; Phillip P. Upschulte, assistant to Senator Glenn; Jefferson B. Seabright, assistant to Senator Wirth; Terrence M. Lynch, assistant to Senator Shelby; Dudley L. Carlson, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; and Robert M. Soofer, assistant to Senator Gorton.

OPENING STATEMENT OF SENATOR SAM NUNN, CHAIRMAN

Chairman NUNN. The committee meets today to consider two nominations for senior civilian positions in the Department of Defense. We thought we had cleared the deck on Defense Department civilian nominations for this session, but the White House sent up two more last week.

Secretary Cheney and Air Force Secretary Rice are very anxious for the committee to act on these two nominations before adjournment, if at all possible. At this point it looks like we have today and perhaps tomorrow. We will do our best to complete work on these nominations before the Senate adjourns, but we will not take any shortcuts in our normal committee procedures for reviewing nominations.

Ms. Susan J. Crawford has been nominated by the President to be the Department of Defense Inspector General. I want to welcome Ms. Crawford to the committee this afternoon. I also want to welcome her husband, Mr. Roger Higgins, and their daughter Kelly. We are delighted to have you.

The Congress created the position of the Department of Defense Inspector General in 1983 to establish an independent and objective organization responsible for audits, investigations, and the promotion of economy, efficiency, and effectiveness of government programs.

The statutory authority of the DOD Inspector General was spelled out in great detail to ensure that he or she would not be restricted in addressing issues facing the military departments and defense agencies. The Inspector General has responsibility to ensure that rules are developed in the Department of Defense to deter improper and illegal activity and to thoroughly and promptly investigate all allegations of fraud, waste, or abuse in the Department. This is a difficult, challenging, and often thankless task.

The first two Inspector Generals, Mr. Joe Sherick and Ms. June Gibbs Brown, established a strong organization with a well-deserved reputation for excellence, integrity, and a hard-nosed approach to audits, investigations, and program recommendations.

Ms. Crawford has served as the General Counsel of the Army from 1983 to the present time and Deputy General Counsel from 1981 to 1983. Prior to that time, Ms. Crawford worked in private practice as an assistant state attorney general in Maryland.

Our second nominee this morning is Mr. Jerome Cooper. Mr. Cooper has been nominated by President Bush to be the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Logistics. I want to welcome Mr. Cooper to the committee this afternoon.

The Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Logistics has a set of responsibilities as long as the title. The individual serving this position manages the military manpower programs for the Active and Reserve components of the Air Force, oversees the Air Force's military construction program, oversees the Air Force logistics programs, which have a major impact on the readiness of the entire Air Force, and manages the environmental restoration and compliance effort at Air Force installations around the world.

General Cooper has served most recently as vice president for marketing in an Alabama engineering firm and has extensive background in business. He is also a major general in the Marine Corps Reserve and a highly decorated combat veteran with a distinguished record of Active and Reserve duty to his credit.

Both Ms. Crawford and General Cooper have responded in advance to policy questions from the committee in writing, and I ask unanimous consent that their answers to these questions be inserted in the record. Without objection, they will be.

[The information referred to follows the hearing record.]

Chairman **Nunn**. We are delighted to have Congresswoman Byron and Congresswoman Bentley with us this afternoon to introduce Ms. Crawford to the committee. Senator Shelby will be introducing Mr. Cooper, and since he has to depart for another markup, I'll ask him to go first. Then I will call on Representative Byron and Representative Bentley. We are delighted to have you.

Senator **Warner**. Mr. Chairman, I will join you in welcoming these new nominees here today. They all have outstanding records, and I'm particulary impressed by General Cooper's achievements in the Marine Corps. At long last the Marines have a good agent in the Air Force. [Laughter.]

Chairman **Nunn**. Senator Shelby.

Senator **Shelby**. Thank you, Mr. Chairman. Mr. Chairman, I will try to be as brief as possible.

Gary Cooper, Gen. Jerome G. Cooper, is a longtime friend of mine, about 20 years. He is from Mobile, AL, as you indicated. He is a graduate of Notre Dame University, and I certainly have not held that against him coming from Alabama.

He has a distinguished record as a Marine officer, first in combat in Vietnam where he served with distinction. He was also wounded there.

He has been a very successful and well-honored businessman in my home State of Alabama.

He now, as most of you know, has attained the rank of major general in the U.S. Marine Corps Reserve. He served for a number of years on active duty.

I believe that he will bring a lot of qualifications for this particular job as Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics.

Without further ado, I just want to introduce him to the committee and recommend him without reservation.

[Senator Shelby's prepared statement follows:]

Prepared Statement of Senator Richard Shelby

Mr. Chairman, it is my pleasure to introduce Maj. Gen. Jerome G. Cooper, U.S. Marine Corps Reserves a nominee for the position of Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics.

I have known Gary Cooper for close to 30 years. We served together in the Alabama legislature, to which Gary was first elected in 1974 and then again in 1978. He resigned his seat in 1978 to accept appointment to Governor Fob James' Cabinet as Head of the Department of Social Services where he served with distinction.

General Cooper has made valuable contributions to the Mobile area. As a successful businessman, Gary has volunteered his time to many a worthy cause. His contributions have been recognized by the people of Alabama. In 1974, he was named as the Omega Psi Phi Fraternity Citizen of the Year. In 1977, he was recognized as the Man of the Year by the Nonpartisan Voters League. In 1979, he was awarded the M.O. Beale Scroll of Merit for good citizenship in Mobile, as well as the Man of the Year by the Notre Dame Club of Mobile.

However, it is in service to his country that General Cooper has truly distinguished himself. In 1958, after receiving a B.S. degree in Finance from the University of Notre Dame, the nominee was commissioned a second lieutenant in the Marine Corps.

Gary served for 12 years on active duty. In Vietnam, General Cooper distinguished himself as a real hero. His heroism earned the nominee many decorations, including the Bronze Star, two Purple Hearts for wounds received in ground action, and the Vietnamese Cross of Gallantry which he received three times.

In was during his service in Vietnam that General Cooper began to break racial barriers. In 1967, he became the first black officer in the Marine Corps to lead an infantry company into combat. Later, as a Marine Corps Reservist, Gary became the first black officer to command a Marine Reserve Unit. He continues to break down barriers in his civilian life.

Mr. Chairman, I have found General Cooper to be a man of intelligence and integrity. He is a true patriot, a recognized hero. I know that his over 30 years service to his country, along with the knowledge and experience that he has gained as a successful businessman will serve him well as the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Logistics.

I intend to vote for my good friend, Maj. Gen. Gary Cooper and urge my colleagues to do likewise.

Chairman NUNN. Thank you very much, Senator Shelby. As a valued member of this committee, we will take that introduction to be a very strong one. It goes a long way with us, as you know.

Representative Byron, we are delighted to have you.

STATEMENT OF HON. BEVERLY B. BYRON, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mrs. BYRON. Thank you, Mr. Chairman. It is a delight to be here on a pleasant occasion today because we have seen ourselves across the table too often recently on our conference.

Let me, first of all, say that Susan Crawford, a constituent of mine, is surrounded by two fellow Marylanders. She is a constituent of mine, but she happens to be a Republican, which is Mrs. Bentley's area of expertise. [Laughter.]

Garrett County, Maryland is a long way away from here in some people's minds, and yet my first recollection of Susan Crawford was September 12, 1983 when she was sworn in as General Counsel for the Department of Army. She has served in that capacity with great distinction so much so that she has now been, as they say, called upstairs, and the Department of Defense has decided they need her talents.

And so, it gives me a great deal of pleasure to introduce a fellow Marylander constituent before your committee for nomination for the Department of Defense IG slot, one that we all have learned that is necessary to have and lean on very heavily.

Chairman NUNN. Thank you very much, Beverly.

Representative Bentley, we are delighted to have you here today also.

STATEMENT OF HON. HELEN DELICH BENTLEY, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mrs. BENTLEY. Thank you, Mr. Chairman and other members of the committee, Mr. Warner, who is an old friend of mine. We served on many things together over a number of years.

I too am very, very pleased to be able to join in the introduction of Susan Crawford to this distinguished committee in her new capacity to be, hopefully, Inspector General of the Defense Department.

I am not going to repeat her background because you have already outlined it, and I know you are on a short schedule today, Mr. Chairman. But I do want to note that on Susan's background, she had the opportunity to be a teacher, and she taught for a while in Radnor, Pennsylvania. But she wanted to be a lawyer. And so, having distinguished herself as a teacher, she quit teaching and went on to law school because that is what she wanted to do.

And since she finished law school, she has distinguished herself first as an assistant state's attorney in her county in Maryland and later on being appointed to the General Counsel's Office in the Army and subsequently as the General Counsel, which as you well know is an extremely responsible position, and she has served that so well.

I am particularly pleased as the head of the Republican Party in the State of Maryland, as the top elected official there, that we have Susan Crawford as a person we could point to with tremendous pride and a woman of great ability.

And I am also particularly pleased myself. When I was appointed some 20 years ago by a President to serve in a presidential spot, I was then almost a pioneer as a woman. And I think we have come a long, long way today and we have selected an outstanding woman to head up this very crucial area in the Department of Defense.

It is with a great deal of pride that I introduce her to you.

Chairman NUNN. Thank you very much, Representative Bentley. We are honored to have you here today, and we appreciate your presentation.

Senator WARNER. Mrs. Bentley, I join the chairman in that. You have served in many capacities for many years and you will continue for many more I hope. And your endorsement, together with that of Congresswoman Byron, is very important in the case of this nomination, not that it couldn't stand on its own credibility.

But these are days that you will never forget in your life. I can remember the day I sat at that table in a similar capacity and was introduced by the Senator from my State. And it is as fresh in my mind as if it were yesterday.

Thank you for joining us.

Mrs. BENTLEY. Thank you, Senator Warner.

Chairman NUNN. Thank you, Senator Warner.

I will ask Ms. Crawford and General Cooper if either of you or both of you have opening statements. I will start with Ms. Crawford. We will be pleased to have any comments you might want to make.

STATEMENT OF SUSAN J. CRAWFORD OF MARYLAND

Ms. CRAWFORD. Thank you, Mr. Chairman. I do not have a formal statement, but if I may be permitted I would like to make a few informal remarks.

First, I would like to thank Mrs. Bentley and Mrs. Byron for taking time from what I know are very busy schedules to introduce me here this afternoon.

Second, I would like to thank the members and the staff of this committee for the great speed and efficiency with which you have processed my nomination. I am mindful that my nomination has been here for less than a week, and I am deeply grateful to you for processing it as quickly as you have.

Mr. Chairman, I am deeply honored and humbled to be nominated for this position and to have the opportunity to appear before this committee today. I look forward to answering any questions that you or other members of the committee may have.

Thank you.

Chairman NUNN. Thank you very much. General Cooper.

STATEMENT OF MAJ. GEN. JEROME G. COOPER, U.S. MARINE CORPS, OF ALABAMA

General COOPER. I would only like to say thank you for the courtesies that have been extended by the staff of this committee and to the members for being here.

And I look forward to answering any questions you might have, sir.

Chairman NUNN. Thank you.

I would like to start by asking, Ms. Crawford, about your understanding of the relationship between the DOD Inspector General and the Secretary of Defense, particularly your degree of independence, if you need that independence. How do you understand that under the statutes?

Ms. CRAWFORD. It is my understanding that the Inspector General, although working for the Secretary of Defense, is also an independent entity within the Department of Defense, that is, the Inspector General is free to pursue any audits, investigations, or inspections that are necessary.

I look forward, if confirmed, to pursuing this relationship with Secretary Cheney. He and I have discussed that relationship, and I think we have a good understanding of the roles of the respective offices, their relationship, as well as the independence of the IG.

Chairman NUNN. You have had certain policy decisions as Army General Counsel. Do you see any conflict when something comes to you that you may have worked on as Army General Counsel? If so, what would you do about that?

Ms. CRAWFORD. Well, Mr. Chairman, I recognize that that possibility does exist. My view would be that I would first consult with the Deputy Inspector General, Mr. Derek Vander Schaaf, as well as with the counsel who has been assigned by the DOD General Counsel's Office to the Inspector General staff, Mr. Manny Briskin, to discuss each potential conflict on a case-by-case basis.

There may be an occasion when I would need to recuse myself on an official matter before the IG's office because of my involvement as the Army General Counsel. I would make that decision on a case-by-case basis, consulting with those two gentlemen for their wisdom and counsel, knowing that they have probably handled this type of situation before.

Chairman NUNN. In response to the policy question on legislative actions resulting from the "Ill Wind" investigation, you took note of the procurement integrity provisions of the 1988 OFPP amendments. Last week Congress, in response to a request from the President, delayed implementation of the legislation for 1 year.

In the interim, what steps should the Department take to deal with abuses in the source selection process, particularly improper dissemination of source selection information?

Ms. CRAWFORD. I believe that we would need first to look at the regulations and guidelines that are already in operation and vigorously enforce those guidelines.

I do support section 6 of the OFPP Reauthorization Act amendments. I think the provision addresses problems revealed by the "Ill Wind" investigation. I look forward to continuing to work, as I have within the Army in my counsel's role, to enforce vigorously, regulations restricting the dissemination of inside information in an attempt to curb those abuses.

Chairman NUNN. General Cooper, what do you view as your top priority in terms of manpower in the new job you will be going into as Assistant Secretary of the Air Force?

General COOPER. I think probably the greatest challenge is going to be balancing our cuts that are going to be required, along with the necessity of keeping our force in the greatest readiness as possible. And that will be with us, and I consider that the highest priority.

Chairman NUNN. Do you anticipate substantial cuts in manpower end strength in the next 2 or 3 years based on what is going on now?

General COOPER. Yes, sir, I do.

Chairman NUNN. How about in the logistics area? I keep hearing that we have real problems with maintenance and support activities and real property maintenance and so forth. What do you see as the top priorities in the logistics area? What are going to be your toughest challenges?

General COOPER. Well, in my briefings, I have not been told that we have real problems, but we face some problems I think. And those evolve right around my area of interest as manpower. When the cuts do occur and as they occur, it appears that we will continue to have the same missions, the same operational activity and the challenge will be to maintain maintenance to a safe level along with these cuts.

Chairman NUNN. You also, I believe, have responsibility in your job for the overall environmental programs, including hazardous waste policy and environmental restoration programs. Are you familiar with that area, and how do you view your challenges there?

General COOPER. Well, the real challenge there is to start now, and hopefully we have already started on the front end so that we don't continue to produce additional hazardous waste. And on what has been produced, we are working on developing methods of storage and cleanup, but the biggest challenge is where do we stop it. How do we start reducing it? That is certainly going to be something that will take much of our attention.

Chairman NUNN. I believe we are all going to have to devote both increasing attention and resources to this whole question of hazardous waste and cleanup, not simply nuclear, but all types of hazardous waste. It has been neglected far too long. We put extra money in our bill this year far beyond the President's request, and I think you are going to see increasing attention paid to that. I hope you will give it a great deal of attention in the early stages of your office, if you're confirmed.

General COOPER. We will, sir.

Chairman NUNN. Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman.

Ms. Crawford, as you are aware, the Navy has been criticized for the manner in which it conducted the investigation of the battleship *Iowa* explosion. Could you tell me if the DOD Inspection General is conducting an inquiry into the Navy's actions, and if not, would you favor such an inquiry?

Ms. CRAWFORD. Senator, I have not reviewed the *Iowa* report. That has not been within my realm as the Army General Counsel.

It is my understanding that the Inspector General of the Department of Defense did take a look at the criminal investigative procedures used by the Naval Investigation Services and has concluded that the proper procedures were followed. That was the extent of the investigation by the DOD IG.

Obviously, this is an area I have not had an opportunity to get into and, if confirmed, I would certainly take a look at that as well as the past actions of the Office of the IG.

Senator THURMOND. Ms. Crawford, I understand that all the services have a waste, fraud and abuse toll-free telephone number that individuals can use to report allegations of waste, fraud and abuse. My understanding is that this service is controlled by the Inspector General and that it has been criticized for being ineffective.

Would you comment on the effectiveness of the waste, fraud and abuse line, and how does the system function?

Ms. CRAWFORD. Again, I have not had an opportunity to review the DOD Hotline firsthand from the DOD IG perspective. It is my personal view, however, that such a hotline is a very valuable tool. It provides a mechanism for someone who has a complaint to make a disclosure without fear of retribution.

It is my general sense that the DOD Hotline has been working rather effectively within the Department. Again, I would want to take a look at that if confirmed as the DOD IG.

Senator THURMOND. Ms. Crawford, what is the operational relationship between the Department of Defense Inspector General and the Service Inspector General? What changes would you favor in that relationship?

Ms. CRAWFORD. Again, Senator, I am not in a position yet to recommend any changes to you. That is obviously something that if confirmed, I would study very closely.

The Inspector General for the Department of Defense sets policy for all investigations, inspections, and audits performed by the military departments.

Within the Army, for instance, the Inspector General of the Army conducts inspections and general management types of investigations. The Army Criminal Investigation Division conducts criminal investigations, and audits are performed by the Army Audit Agency. The Department of Defense Inspector General provides policy direction for audits, inspections, criminal and noncriminal investigations, but has oversight authority only for audits and criminal investigations. In other words, the Inspector General, Department of Defense, does not evaluate the performance of the military inspectors general.

Senator THURMOND. General Cooper, in your position as a Marine Corps Reserve general officer, you bring with you a unique insight into the function of the Reserve forces in our Nation's defense. In view of the projected cuts that are being carried in all the newspapers, what changes do you see in the role of our reserve forces during these times of constrained defense budgets?

General COOPER. I think these cutbacks will probably result in an increase in the role of our Reserve and Guard, but I think that any changes are going to have to be very carefully studied.

One great concern of mine that will continue to be a concern is that we must ensure that we don't switch any of our force structure into the reserve forces that would limit us in our first strike attack and our ability to sustain ourselves. So, I think we probably will have to make some changes in force structure, but they are going to have to be very carefully thought out.

Senator THURMOND. General Cooper, we all expect that there will be some cuts in the force structure of all the services. These cuts, although necessitated by the fiscal realities that we are facing, will have a traumatic impact on the services' members and their families. How can the services reduce the impact of a force reduction on the service members and their families?

General COOPER. That is going to be a difficult one. I think that getting the cuts is going to cause some concern. And one thing we can do is make our cutbacks occur by attrition as much as possible, by curtailing some types of reenlistments and items such as that. But I do not think there is any way to avoid the traumatic effects that some cutbacks are going to have on our military Armed Forces.

Senator THURMOND. General Cooper, the fiscal year 1990 Defense Authorization Act includes provisions to improve the retention rate of our highly trained aviators. In view of the uncertainty regarding the size of the Air Force structure, what impact in your judgment will this legislation have on the pilots when they face an uncertain future because of these projected cuts?

General COOPER. Well, I think the legislation that proposes additional bonuses and increase in base pay must end up having a positive effect. And I think it is a very well thought out legislation because when we consider the tremendous training time and cost put into training our aviators, it is important that we do everything we can to keep them onboard.

Senator THURMOND. Mr. Chairman, I have studied the backgrounds of both of these individuals and I am well pleased with their qualifications. And I will be glad to support both of them.

[Senator Thurmond's prepared statement follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Mr. Chairman: I join you in welcoming both Ms. Crawford and Mr. Cooper. I also want to recognize you for the expeditious manner in which you are considering these nominations. I understand that the Senate received them only last week. Your actions in holding this hearing today will refute the perceptions that this committee does not act promptly on nominations.

Ms. Crawford and Mr. Cooper, I congratulate you on your nominations. I have reviewed your credentials and believe you are well qualified to take on the critical positions for which you have been nominated.

Ms. Crawford, your tenure as Secretary Marsh's General Counsel over the past 6 years has provided you the necessary insight into the role of the Inspector General. I expect that, if you are confirmed, you will promptly take the reins of the Department of Defense Inspector General Agency and continue the good work of your predecessor.

Mr. Cooper, I do not know how the Air Force will adapt to having a Marine Corps General as the Assistant Secretary for Manpower and Reserve Affairs and Installations and Logistics. I know, however, that this will be another first in your distinguished career, which is highlighted by the distinction of being the first black officer to command a Marine Reserve Unit.

My congratulations to you both. I look forward to supporting your nominations and working with you once you are confirmed by the Senate.

Thank you Mr. Chairman.

Chairman NUNN. Thank you very much, Senator Thurmond. Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman.

Ms. Crawford, your nomination has been in less than a week, and I just received the responses to the committee's questionnaire and the financial disclosure and the ethics documents and the answers on policy management questions at noon today. So, I really haven't had a chance to go over them in complete detail yet, and I will certainly review them, as soon as possible.

Your position over there is going to be one of the most important in Government because you are going to be looking at all the possible unfortunate things that can happen, such as "Ill Wind" and "Wedtech" and all the rest of them that we're familiar with, on a scale that is unequaled in any other department of government. We are talking about $300 billion or so or whatever our defense budget winds up at. You're the one that we are depending on to ferret out some of the problems over there.

During the interviews for the IG position, did you agree to any conditions regarding the personnel in the Office of the DOD Inspector General, either those there now or ones that you might hire in the future?

Ms. CRAWFORD. No, I did not.

Senator GLENN. You did not. Okay, good.

In March 1989, the Department of Justice, Office of Legal Counsel, issued an opinion concerning the scope of the IG's investigative authority.

I am chairman of the Governmental Affairs Committee, as well as sitting on this committee as Manpower Subcommittee chairman. With my other hat on over at Governmental Affairs, we do sort of an overall overseeing of the IG community. We are the committee that does the jurisdictional coordination, if you will, between the different IGs.

And we have taken that Justice Department, Office of Legal Counsel, opinion very seriously because it affects all of the IG community. It limited them very specifically, especially as it relates to regulatory programs.

Are you familiar with that opinion?

Ms. CRAWFORD. Senator, I am familiar with the opinion. I have not studied it at great length, but I am aware that it does potentially curb some of the authority of the DOD IG, or of any IG, to investigate activities outside of the agency for which the IG serves.

Senator GLENN. We have made representation to the Department of Justice on that, and I would solicit your cooperation in looking at that at the very earliest opportunity you have in getting back to us on that because that is a very important restriction that the Department of Justice made. We feel that they made a very narrowly based decision, that is going to have tremendous impact on the IG community.

I think the IG community has done a magnificent job over the last 10 years. It has been one of the best things as far as efficiency in Government and weeding out some of the wrongdoing that we could put in. And I think the track record is there to show it. That is the reason we expanded that whole community last year on the other committee.

So, I would solicit your opinion on that because you are going to be saddled with that scope of the IG's limitation and it is going to curtail much of what the IGs have been able to do in the past unless we can get that thing reversed. They are trying right now to get cooperative work back and forth. The government-wide organization of IGs that they have put together informally so they can share views is working very hard to get that reversed. They are making some progress on that, we understand. I hope it can be worked out that way. Otherwise, I think we will be forced to put in additional legislation. So, we would appreciate your views on that when you have a chance to review it.

Ms. **Crawford**. I shall be happy to look at that, Senator.

[The information follows:]

The opinion of the Office of Legal Counsel, Department of Justice, concluded that the Inspector General of the Department of Labor did not have authority to conduct certain regulatory investigations. The Department of Defense does not conduct regulatory activities of the type addressed in the Office of Legal Counsel opinion. Therefore, the opinion, which is limited in scope, has no effect on the operations or investigations conducted by the Inspector General, Department of Defense.

Senator **Glenn**. General Cooper, Senator Thurmond asked about the pilot incentives. That is a major issue and one that was addressed in my legislation as part of the fiscal year 1990 Defense authorization bill that we had put in at the subcommittee level and worked on it very hard there as to what we could do. It is estimated that in the Air Force, unless something occurs, by 1992 we are going to be 2,500 pilots short. It's about 250 short right now. It is a very serious thing, the airlines offering very attractive careers to people who are willing to leave the military and go fly for the airlines. So, I am glad that Senator Thurmond brought that up. It is a very, very important matter and one that I hope you will follow very closely.

We have asked for another report from the Office of the Secretary of Defense that is very important at this time. It is going to require the cooperation of all the services. And that is a full evaluation of our Total Force Policy. This policy in which the assignment of tasks to the Reserves as opposed to the Regulars was sort of defined, or we should say ill-defined I guess, back in 1973 hasn't really been reviewed since then. We asked that this Total Force Policy be reviewed to determine which tasks are being performed well, and which are being performed not so well so that we can maybe adjust these things where there are problems occurring.

And there are major problems. Some of the Army Reserve units in particular have been having an awful time with combat readiness, especially in combat support and combat service support role. Most of these roles are assigned to the Reserves. Seventy percent of our combat support and combat service support personnel are assigned to them. Yet, 45 percent of Army Reserve units are not combat ready. Air Force, just about the opposite. About 90 percent or more are combat ready in the missions assigned to the Reserves.

So, these are things that you are going to have to look into along with the Secretary of Defense over there, and we would certainly solicit your cooperation. We will be seeing you when you come before our Manpower Subcommittee after we come back in session next January. And I hope that by that time you will have had a chance to really look at that and give us some guidance and recommendations on what direction you think we should go.

General COOPER. Yes, sir, I certainly will.

Senator GLENN. Are you familiar with the Total Force Policy evaluation request that we have made?

General COOPER. I'm not familiar with the request, but I am pretty familiar with the problems.

Senator GLENN [presiding]. Okay. We have lots of problems in that area.

My time is up. Senator Lott.

Senator LOTT. Thank you, Senator. I will be very brief. I just want to say, first of all, you both come certainly very highly recommended. To have the two members from Maryland, Beverly Byron and Helen Bentley, to be here in your behalf speaks very well for you. I think they are two of the best Members of the House of Representatives.

I did receive a call, General, with regard to you from your local Congressman there, Sonny Callahan, who said some unbelievably good things about.

I just want to congratulate you both. I have reviewed your résumés. You are certainly eminently qualified for the positions you have been nominated for, and I certainly support your appointments for those positions.

General COOPER. Thank you.

Ms. CRAWFORD. Thank you very much.

Senator GLENN. Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

Ms. Crawford, do you feel that the current laws as they relate to the office to which you have been designated by the President are adequate?

Ms. CRAWFORD. I believe they are, Senator, although again, not being in the position and working under those laws, I would reserve the right to take a fresh look at that if confirmed. I can think of a few tools that the IG community could use in addition to what they have, and one that comes immediately to mind is the ability to subpoena witness testimony which the IG does not have now. Beyond that, I believe the laws that are in operation are effective, but I would welcome the opportunity to give that a fresh review once in the position.

Senator WARNER. And you recognize we have, of course, here Senator Glenn, the distinguished chairman of the committee which would review any such laws that come forward.

Ms. CRAWFORD. Yes.

Senator WARNER. I know Senator Glenn and other members of this committee are taking an increasingly active interest in trying to give IGs support. I'm also on the Intelligence Committee, and as you may observe, we went forward with an IG for the CIA. And in the work that I performed on that committee, I went back and insisted that there would be certain parallel provisions with the responsibilities that you have. There are some unique areas of government. I think DOD and now the CIA should have somewhat of a special charter because of the need to protect sensitive and classified material.

And I would hope as you undertake your new responsibilities, assuming the Senate will confirm—you will have my support, and I anticipate we will—that you would not hesitate to come to Chairman Glenn or other Members of the Congress and bring to our attention such deficiencies as you perceive exist.

Ms. CRAWFORD. Certainly. I would look forward to doing so, Senator.

Senator WARNER. General Cooper, the manpower area of the military departments is likely to be one that will be hit broadside should the sequester go through. As we are here today in this hearing, there is active progress in the Congress to try and get a reconciliation measure to avoid that.

I would hope that with the participation of the Secretary of Defense, you and others in charge of manpower would come before the Congress early next year, if the sequester does go through, and acquaint us with what steps we have to take. I think the Secretary would prefer reconciliation, and he has fought a valiant battle in that area within the President Bush's inner circles. And he may well win; that is, win the sense that we will have a reconciliation bill and obviate this.

But I would hope that there would not be any reticence on your part or others to come forward in the event that we do not get a reconciliation bill. The sequester, which is now the law of the land, continues to be the law until such time as Congress returns and can reconsider that matter because trained people are the life's blood of all our systems, and they are really going to take a hard hit here very soon. And I am pleased to see that a man with your broad qualifications and particularly the association with troops at all levels will take on some of that responsibility certainly for the Department of the Air Force. And perhaps your wisdom and background can be helpful to others in the Department of Defense as they struggle with this tough decision.

Through the years I have noticed that the Department of the Air Force has excelled in its use of Reserves to fulfill current requirements of our national defense. The success story there is without precedent or parallel. And I am sure you are familiar with that, particularly in the air transport areas.

So, I wish you luck.

General COOPER. Thank you, sir.

Senator WARNER. And I am very proud to see a fellow Marine move along. I am a little concerned about the Department to which you go, but maybe it will work out all right.

General COOPER. Yes, sir.

Senator WARNER. They could use a little of your thinking.

Thank you, Mr. Chairman.

Chairman NUNN [presiding]. Thank you. Senator Warner.

Senator Warner, I thought I would just interject here the status report on the Stello nomination.

Senator WARNER. I think it would be helpful if we put that on the record, Mr. Chairman.

Chairman NUNN. Then I will turn to Senator Glenn for whatever questions he may have, and I will ask Senator Glenn if you will close the hearing out. I have a series of meetings going on in the back.

[Whereupon, at 3 p.m., the committee temporarily suspended to consider the nomination of Victor Stello, and at 3:15 p.m., resumed consideration of the nominations of General Cooper and Ms. Crawford.]

Senator GLENN [presiding]. Ms. Crawford, I am not going to delay the hearing long here. I want to comment more than question about your job as DOD IG.

The IG Act was put in in 1978 after much discussion and much debate as to whether this infringed on the prerogatives of a normal Secretary of an agency, or whether it was proper or would do any good really. It was rather experimental, but over the 8 or 9 years before we reconsidered it, it was so successful that we expanded it into other agencies. And we now have a total of some 25 agencies or departments that have IG departments in them. And we have backed them very strongly.

You will have unusual responsibilities not only within your department, but also you will find that your responsibilities are to the Congress and congressional committees in the IG Act as well as to the executive branch. And that is unusual. NRC has some of those same responsibilities: to advise the executive branch, to advise the Congress. That is the only other one that I know that really has that kind of responsibility.

Just as an example, the whole situation at HUD, which has received so much public attention, was basically brought to attention by the IG over there. Looking back on it now, should we have been able to pick up some of the things in those reports that would have led us into an inquiry on Capitol Hill? Perhaps we should have. But the IG over there let some things go. While they reported it to the Secretary, they did not in a very forceful way with regard to what was really going on and the enormity of the whole HUD scandal.

So, about your reports that come back go to the committee of jurisdiction—the ones that come to the Congress go to the committee of jurisdiction—they also come to the Governmental Affairs Committee. Now, that gives us a double check, and our role on the Governmental Affairs Committee has been to, when we find some things that are working with one IG and the other IGs have not tried that, coordinate these things, try to make sure that we get them out. Or sometimes there are investigations going that may overlap one jurisdiction or another that you are not required to report to. And that is the reason why this reporting both directions to the executive branch and to the Congress is so important.

I think the whole IG community, while it hasn't received the recognition that it should have, has done an outstanding job. When you get the IGs together, they can point out something well over $100 billion they feel they have saved. And we are working right now, having had some of the IGs back in for oversight—just a short time ago, June Gibbs Brown was back in—gave us some ideas on areas that should be looked into. And the Department of Labor, EPA, across the board—these are things that we now can take on and help you do your job over there.

So, I just stress the unique nature of the job you are going into. I know you are part of the executive branch, but this is a unique position, and under unique provisions of law that not only permit you to be the monitor of what is going on, but require you to then report that not only to the Secretary, but to the Hill here also.

So, that's more a statement than a question. And I am sure you were aware of that. I hope you were aware of that going in. And we take those responsibilities very seriously.

The IGs came back in, six of them, and testified over in the other committee a short time ago. They followed up with a listing of priority items that they thought were appropriate, needed to follow-up in their particular departments. We, of course, are going ahead with that and making sure that we not only look at it, but that the committee of jurisdiction here, whatever it may be across the Senate, also has that information so we can work with them to try and make a more efficient Government and ferret out some of the things that are wrong.

It is not all crime, not all criminal activity obviously. We are charged with trying to make a more efficient Government and make sure that we are organized in a way that is not so overlapping that we are duplicating each other's functions within the different departments of Government. So, that is a very important part of this, and I just want to make sure we had comment on that.

So, unless you have some questions of us here, I think we will end the hearing now. We wish you both well, of course, and look forward to working with you in the time ahead.

Ms. CRAWFORD. Thank you very much, Senator Glenn.

Senator GLENN. The committee will stand in recess subject to the call of the Chair.

[Whereupon, at 3:20 p.m., the committee was adjourned.]

[Prepared questions submitted to Susan J. Crawford by Senator Nunn prior to the hearing with answers supplied follow:]

DEPARTMENT OF THE ARMY,
OFFICE OF THE GENERAL COUNSEL,
Washington, DC, November 15, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your November 14, 1989 letter of congratulations on my nomination by President Bush to serve as the Inspector General of the Department of Defense.

Enclosed please find my answers to the questions on selected defense policy and management issues which you submitted to me.

I look forward to discussing these questions as well as other related issues with you and members of your Committee at your convenience.

Sincerely,

SUSAN J. CRAWFORD, *General Counsel.*

Enclosure.

Question (1). Section 3 of the Inspector General Act gives the IG independence from the Secretary of Defense (subject to limited exceptions in section 8(b)) in the initiation, conduct, and completion of audits and investigations. Sections 4 and 8 of the Act, however, establish a number of significant policy roles for the IG that go beyond the conduct of audits and investigations.

a. Please describe the nature of the IG's relationship to the Secretary of Defense on the issues that are not covered by provisions of section 3.

Answer. The Inspector General (IG) needs to have a relationship built on trust and confidence with the Secretary of Defense. It will, of course, be necessary for the next IG to earn that trust. I believe that the Office of the Inspector General (OIG) has established a high degree of credibility since its establishment seven years ago. It will be my responsibility if confirmed, to continue that tradition and hopefully build further upon it.

I recognize that a special relationship exists between the Secretary of Defense and the IG. While the IG works for, and reports directly to, the Secretary of Defense, the IG is free to audit, inspect, and investigate anywhere in the Department of Defense (DOD) and to criticize when necessary various programs and management undertakings at all levels in DOD.

I also believe that it is very important that the Secretary and the IG understand and appreciate the dual reporting role that the Inspector General Act places on all statutory IG's to keep both the Secretary and Congress fully informed. My relationship with Secretary Cheney and Deputy Secretary Atwood is such that I know they understand the need for and appreciate the role of the IG as an independent fact-finder in the Department.

Question b. To the extent that you are the Secretary's advisor on certain policy matters, how can you ensure that your organization is able to conduct independent audits and investigations into the management of such policies?

Answer. I believe that, if confirmed, I can achieve the objective of assisting the Secretary by providing policy advice, especially with respect to the conduct of audits, inspections, and investigations by the various organizations in the DOD charged with these functions. I will also be prepared to provide the Secretary my advice on a wide range of policy issues having management implications for the Defense Department. The Secretary is, of course, free to accept, modify, or reject such advice as he deems appropriate.

I can assure you that once I have provided advice on a particular matter, I will not be so rigid or constrained by that past advice to preclude my bringing to his attention the need for changes if further audit, inspection, or investigation work indicates my earlier advice was wrong or further clarification is needed.

Question (2). What is your view of the appropriate relationship between the Inspector General and the Comptroller General?

Answer. A statutory Inspector General must ensure that agency audit and inspection activities are coordinated as well as possible with those of the GAO, so that unnecessary duplication can be avoided. The IG and the Comptroller General should make their plans and the results of their work fully available to each other, to facilitate coordination.

At the Department of Defense, the Inspector General has the additional roles of being the DOD central liaison point with the GAO and monitoring DOD implementation of agreed-upon GAO recommendations. I understand that arrangement has been useful in facilitating overall coordination and in establishing excellent working relationships with the GAO.

Question (3). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the amendments to the Act relating to special operations forces and low intensity conflict, and the Packard Commission.

a. Are you fully committed to the complete and effective implementation of the Act, as amended, and the recommendations of the Packard Commission?

Answer. Yes, I have been and remain fully committed to compliance with the Goldwater-Nichols DOD Reorganization Act and to the implementation of the Packard Commission recommendations.

Question b. From the Inspector General's perspective, what are the central issues in implementation of the Goldwater-Nicholas Department of Defense Reorganization Act that should receive frequent monitoring by the Department's Inspector General?

Answer. As you are aware, both the General Accounting Office and the Office of the Inspector General have monitored and evaluated DOD progress in implementing the Act. Reports issued to date have identified a number of issues which require follow up. If confirmed, I intend to continue to monitor compliance with the Act.

Question c. What policy or oversight responsibilities will be assigned to the Inspector General in terms of implementing NSR-11 (the Defense Management Review)?

Answer. The Inspector General is an advisor to the new DOD Ethics Council and a member of the task forces seeking to reduce the number of procurement regulations and special advocacy programs. The IG is the Chair of the steering Group for the Contractor Risk Assessment Guide, which was strongly enforced by the DMR-implementation responsibilities.

Question d. What role, if any, do you expect the Inspector General to play in connection with the newly formed DOD Executive Committee?

Answer. The IG is not a member of the DOD Executive Committee. To the extent the Executive Committee designates areas of special interest where audit, inspection, or other IG support would be helpful, I would, if confirmed, try to be fully responsive to the need for such support.

Question (4). If you are confirmed, what will be your top priorities as Inspector General?

Answer. I cannot answer that question with certainty at this time, but I would expect that my priorities would, to a large extent, parallel those already established for the office.

I also intend to help ensure that the Defense Management Report recommendations are successfully implemented.

Question (5). Although the "Ill Wind" investigation has not been completed, a great deal of information has been made public as a result of the cases prosecuted to date.

a. What lessons have been learned from the information that has been made public about the "Ill Wind" investigation?

Answer. A principal lesson of "Ill Wind," I believe, is that corruption can and does occur in connection with some procurement processes—and that we must ever be vigilant in this respect. The information which has been made public from the investigation to date indicates that there have been bribes, improper gratuities, and intentional, improper handling of acquisition-related information. These appear to have been at the heart of the "Ill Wind" experience. We have laws which punish such activities when criminal. The OIG investigates situations that suggest the possibility of such corruption. I am committed to vigorously pursuing those IG efforts.

Question b. What actions should the Inspector General take to assess the results of that investigation in terms of Department of Defense acquisition practices?

Answer. The OIG needs to carefully consider the information available from the "Ill-Wind" investigation to determine if systemic, personnel, regulatory or statutory changes would be desirable. As I understand it, the former IG worked directly with the Secretary of Defense, the Under Secretary for Acquisition and the General Counsel from early on in the investigations to develop lessons learned. If confirmed, I intend to continue this practice.

Question c. Do you anticipate any significant legislative or regulatory changes resulting from an assessment of the "Ill Wind" investigation? If so, please describe the areas of concern and the role of the Inspector General with respect to such changes.

Answer. Last year, the Congress enacted the Procurement Integrity Provisions as Section 27 of the OFPP Reauthorization Act. It went into effect on July 16, 1989. Conferees on the 1990 Defense Authorization Act have included an amendment in that legislation which would revise the Procurement Integrity Provisions in some respects. The 1989 DOD Authorization Act contains restrictions on multiple best and final offers. I believe that the first priority should be to complete the regulatory implementation and training with respect to those provisions and to assess how they are working.

Question (6). The issue of duplicative oversight of contractor operations has been a major concern of our committee. Needless duplication not only impairs the inefficiency of the defense industry, it also wastes limited resources of DOD oversight organizations. Please give your assessment of the actions taken by the Department in the last two years to address this problem, and describe any aspects of the problem which, in your view, need further attention.

Answer. There are a large number of defense organizations which have oversight responsibilities for contractor operations and contract administration. In addition, the GAO, DOJ and qui tam relators also perform certain oversight. However, I also recognize the need for effective oversight of defense contractors. While both the Department of Defense and the Office of Inspector General have made progress in this area, I believe we can continue to reduce unnecesary or duplicative oversight without compromising our oversight responsibilities. If confirmed, I intend to make this a priority.

Question (7). During your service as General Counsel of the Army, you have had the opportunity to observe and work with the DOD Inspector General organization. Based on your observations, are there any changes that you would recommend either internally or to the Congress with respect to the statutory or regulatory guidance governing IG activities?

Answer. During my service as General Counsel of the Army, I have had numerous opportunities to work with and observe the DOD Inspector General organization. On each occasion, I have found the former DOD IG and her staff to be helpful and cooperative, which has allowed us to produce meaningful resolutions to our common problems. In that regard, as the Army developed its Procurement Fraud Division, we relied on the DOD IG for its institutional memory and expertise to better help us address fraud, waste and abuse issues. Once the Procurement Fraud Division became a reality that Division quickly formed very close relationships with both the criminal investigative arm and policy and oversight personnel in DOD IG. It is my belief that those strong ties to DOD IG have greatly assisted the Army in fighting procurement and program fraud.

Based on these observations and viewing DOD IG through my position as the Army General Counsel, I do recommend that the DOD IG be granted statutory authority for testimonial subpoena power. If I am confirmed as the IG, however, I intend to focus on whether other statutory or regulatory changes are needed.

Question (8). The Inspector General's activities can be divided into three broad areas: (1) inspection; (2) follow-up; and (3) oversight. Can you advise us as to what percent of the IG's personnel serve in each activity, and give us your views as to whether that is an appropriate division of labor?

Answer. I am advised that 39 percent of the IG personnel are in audit, 34 percent in investigations, 9 percent in inspections, 3 percent in followup and 3 percent in policy oversight. If confirmed, I may wish to reallocate resources somewhat after I have observed the organization's operations firsthand.

Question (9). What are your priorities in terms of inspection, follow-up, and oversight?

Answer. I do not feel that I am in a position yet to establish priorities for my term as Inspector General other than those I have discussed in response to other questions from the Committee. If confirmed, I intend to consult with the Deputy Inspector General, the Assistant Inspectors General, and the Secretary of Defense in setting priorities.

I believe that the effectiveness of the Office of the Inspector General can be enhanced by concentrating audit, inspection and investigative resources of the DOD on major subject areas. If confirmed, I intend to establish an internal planning process to identify these subject areas and their relative priorities. This process should identify issues of concern to both the DOD and Congress, help to focus resources within the control of the Office of the Inspector General, and improve inter-departmental planning and coordination.

Question (10). We regularly receive copies of all investigations and audits completed by the Inspector General, subject to the limitations in section 5 of the Inspector General Act. Will you provide us with complete and timely information on the results of your investigations and audits?

Answer. I certainly will, as provided by law.

Question (11). Will you provide us with timely follow-up information on the actions taken by DOD officials in response to your audits and investigations?

Answer. Yes. The Inspector General, DOD, is in a unique position to provide accurate, timely audit followup data, because the IG is the Department's designated official for managing the followup tracking effort. The Inspector General Act Amendments of 1988 expanded the followup data reporting requirements for both IGs and agency heads. I have been advised that the upcoming IG semiannual report will be the most comprehensive ever. If confirmed, I will continue this effort to keep the Congress and DOD fully informed, as the Inspector General statute contemplates.

Question (12). The Inspector General traditionally has provided this committee with independent advice on the full range of policy issues under the IG's jurisdiction. Will you continue to provide the Congress with unconstrained policy advice?

Answer. Yes, I certainly will.

Question (13). Please describe your relationship to the Inspector General, auditors, and criminal investigators of the Military Departments, the Joint Staff, and the unified and specified commands in terms of—

a. Command authority.

Answer. The Inspector General, DOD, has no command authority over any DOD organizations or personnel outside of the Office of the Inspector General, DOD. That arrangement was established by the 1982 Amendments to the Inspector General Act.

Question b. Authority to establish audit and investigation policy.

Answer. The IG Act of 1978, as amended, gives the Inspector General, DOD, the duty and responsibility to provide policy direction for and to conduct, supervise and coordinate audits and investigations relating to DOD programs and operations. It also gives the IG the duty and responsibility to develop policy, evaluate performance, and provide guidance for DOD criminal investigation programs.

Question c. Authority to direct the conduct of specific investigations.

Answer. The IG DOD, has no authority to direct the conduct of specific investigations by any DOD component except the Defense Criminal Investigative Service, which is the investigative arm of the OIG, DOD. The Inspector General, DOD, can take over cases, however, if it is felt that the DCIS would be the most appropriate or effective investigative agent. The Inspector General, DOD, has the option of conducting noncriminal investigations on matters such as Hotline inquiries, rather than referring them to the Military Departments.

Question (14). It is our understanding that under current arrangements, the DOD General Counsel provides legal advice to the Inspector General; but the DOD lawyer assigned to the Inspector General may provide advice unconstrained by the DOD General Counsel when requested to do so by the Inspector General in the context of a specific audit or investigation. Do you intend to continue in that arrangement?

Answer. Yes. I understand that this arrangement has worked very well in the past. Under a Memorandum of Understanding between the Inspector General, the General Counsel, the Assistant General Counsel assigned by the General Counsel with the Inspector General's concurrence, may provide whatever legal assistance the Inspector General deems necessary. At the same time, the expertise of the General Counsel's office remains available as an asset to the Inspector General. As General Counsel of the Army, I have worked with the General Counsel's Office and have great respect for it. I look forward to working with the General Counsel and his staff. The current arrangement promises to provide both independent counsel and access to all the resources of the Department's lawyers.

Question (15). On matters of general law, does the Inspector General follow the rulings of the General Counsel as to the interpretation of statutes and DOD directives?

Answer. The General Counsel is the principal legal officer of DOD and is responsible for providing the Department with legal advice and counsel. Therefore, the General Counsel's opinion is entitled to great consideration. However, under the Memorandum of Understanding, which was referred to in the preceding question, whenever the Inspector General disagrees with a legal opinion issued by the General Counsel, the Inspector General may request an independent and objective legal opinion from the Assistant General Counsel assigned to provide legal services to the Inspector General. The Assistant General Counsel is authorized to provide whatever legal assistance is required by the Inspector General to carry out the responsibilities of the Inspector General Act.

Question (16). Are there any procedures or programs which you instituted in the Army General Counsel's office which you would consider for implementation in the DOD Inspector General's Office?

Answer. I have been involved in developing several programs and procedures within the Army. As an example, I developed the organization and charter of the Secretary of the Army's Task Force on Fraud, Waste and Abuse, as well as the Acquisition Legal Study and Environmental Legal Study. These legal studies resulted in the creation of a Procurement Fraud Division and Environmental Law Division within the Office of the Army Judge Advocate General to monitor and implement policy and legal issues in those two areas. In each of these programs I have been intimately involved in managing and modifying their operations to ensure that they have achieved their goals and objectives.

If confirmed, I would explore whether similar programs based on documented experience would be helpful to the efficient operation of the Inspector General or the Department of Defense.

Question (17). In your view, how should the Inspector General approach the evaluation of military justice policies, procedures, and punishments in a manner that provides useful advice without crossing over into unlawful command influence?

Answer. The Inspector General's policy and oversight roles are general in nature and would normally not have the potential for becoming "command influence" problems. The Inspector General should identify issues relating to military justice that need improvement and make appropriate recommendations for change. The Inspector General should also coordinate on any other suggested changes. As with any investigation conducted within the Department of Defense, the Inspector General exercises oversight and may make recommendations to a military department's criminal investigative agency intended to enhance the efficiency and quality of an investigation. Since such recommendations are to the investigators, rather than to the commanders, command influence should not be a problem.

Question (18). Section 3 of the Inspector General Act provides for the IG to have demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations. How would you access your qualifications and skills for this position in these areas?

Answer. As General Counsel of the Army since 1983, and as Principal Deputy General Counsel from 1981-83, I have been intimately and actively involved in investigations of allegations of both civil and criminal fraud in Army programs. One of the principal functions of the Army General Counsel is to provide legal oversight on behalf of the Secretary of the Army to Army investigations and inspections, whether they be civil, criminal or management reviews. In this regard, I am personally briefed on individual investigations and frequently provide guidance to Army investigating agencies, including the U.S. Army Criminal Investigations Command, the Army Inspector General, and the U.S. Army Intelligence and Security Command. Moreover, I consult with Department of Justice officials routinely on the investigation and disposition of cases in which the Army has an interest.

Cases that I am personally involved in range from multimillion dollar mischarging and product substitution allegations, to a multitude of qui tam actions, and to extremely sensitive counterintelligence investigations. The counterintelligence cases include not only espionage investigations, but also allegations of fraud in classified programs and operations.

Additionally, I play a major role in making policy decisions regarding Army support to fraud investigations, including prioritizing resources devoted to an investigation, giving direction to investigative efforts and approving or recommending approval of settlements to the Army of especially sensitive or critical cases.

I have also had occasion to use and analyze audits and management analyses and have initiated and directed several management studies which entailed a definition of the purpose and scope of the analysis, as well as guidance on the resources to be used and the procedures to be followed. In those cases, I monitored the conduct of the analysis and reviewed the results for completeness. The size and complexity of the management analyses have varied from an analysis of the need for a single position to organizational studies involving thousands of personnel.

Prior to entering federal government service in 1981, I served as part-time Assistant States Attorney for Garrett County, Maryland, from 1977 to 1979. In this capacity, I worked with state, local, and federal law enforcement officials on a wide variety of criminal cases. My efforts included giving direction to and coordinating police investigations, securing both search and arrest warrants, presenting cases to the grand jury, and ultimately prosecuting cases on behalf of the State of Maryland.

While a partner with the private law firm of Burnett, Eiswert and Crawford, P.A., from 1979-81, I had occasion to defend criminal cases as a private litigator.

[The nomination reference of Susan J. Crawford follows:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
November 13, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Susan J. Crawford, of Maryland, to be Inspector General, Department of Defense, vice June Gibbs Brown, resigned.

[The biographical sketch of Susan J. Crawford, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF SUSAN J. CRAWFORD

Background

Born April 22, 1947, Pittsburgh, Pennsylvania.

Married, Roger W. Higgins; Daughter, Kelley S. Higgins.

Employment

September 1983 to Present:

Office of the Secretary of the Army, Pentagon, Washington, DC 20310, (202) 697-9235.

Position: General Counsel, Department of the Army.

Duties: Civilian attorney appointed by the President to serve as counsel to Secretary of the Army and other senior Army leadership; formulates legal policy and procedures Army-wide; supervises approximately 2,600 military and civilian attorneys stationed worldwide.

September 1981 to September 1983:

Office of the Secretary of the Army, Pentagon, Washington, DC 20310, (202) 697-4807.

Position: Principal Deputy General Counsel, Department of the Army.

Duties: Civilian attorney appointed by the Secretary of the Army to serve as chief deputy to General Counsel; acts as alter ego of General Counsel with same range of duties and responsibilities described above.

Reason for leaving: To accept appointment as General Counsel, Department of the Army.

August 1977 to September 1981:

Burnett, Eiswert & Crawford, P.A., 5000 Thayer Center, Oakland, MD 21550, (301) 334-9480.

Position: Partner 1979-81; Associate 1977-79; Assistant State's Attorney for Garrett County, Maryland 1978-80.

Duties: General civil and criminal practice of law with special emphasis on labor law and real estate transactions; criminal prosecution and defense.

Reason for leaving: To accept appointment as Principal Deputy General Counsel, Department of the Army.

January 1979 to September 1981:

Garrett Community College, McHenry, Maryland 21541, (301) 387-6666.

Position: Instructor of Basic Law & American National Government.

Reason for leaving: To accept appointment as Principal Deputy General Counsel, Department of the Army.

September 1969 to August 1974:

Radnor Township School District, Radnor High School, 130 Raider Road, Radnor, PA 19807, (215) 293-0855.

Position: History teacher and coach of women's athletics.

Reason for leaving: To attend law school.

Education

New England School of Law, Boston, MA, J.D., June 1977, Cum Laude.

Activities: President, Student Bar Association; National & Honors Moot Court Competition.

Awards Upon Graduation: Dean's Award, Arthur McClean Founder's Award.

Bucknell University, Lewisburg, PA, B.A. History, June 1969.

Activities: Student Senate; Judicial Board; Co-Captain, Women's Interscholastic Field Hockey and Basketball Teams; Sailing Team; Kappa Delta Sorority.

Mt. Lebanon High School, Pittsburgh, PA, High School Diploma, June 1965, Cum Laude.

Boards and Commissions

Board of Trustees, Bucknell University, Lewisburg, Pennsylvania, 1988 to 1993.

Board of Advisors, Frostburg State University, Frostburg, Maryland, 1988 to Present.

Maryland Commission for Women, Gubernatorial Appointment, 1981 to 1983.

Maryland Forestry Advisory Board, Gubernatorial Appointment, 1978 to 1981.

Professional Associations

American Bar Association.

District of Columbia Bar Association.

Federal Bar Association, Chairperson of General Counsels' Section.

Maryland State Bar Association.

Elective Offices

Republican State Central Committee of Garrett County, Maryland; Chairwoman, 1978 to 1981.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Susan J. Crawford in connection with her nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)
Susan Jean Crawford.

2. **Position to which nominated:**
Inspector General, Department of Defense.

3. **Date of nomination:**
November 13, 1989.

4. **Address:** (List current place of residence and office addresses.)
[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**
April 22, 1947, Pittsburgh, PA.

6. **Marital Status:** (Include maiden name of wife or husband's name.)
Married, Roger W. Higgins.

7. **Names and ages of children:**
Kelley Susan Higgins, age 7½.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
New England School of Law, J.D., June 1977.
Bucknell University, B.A. History, June 1969.
Mt. Lebanon High School, Diploma, June 1965.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.
9/83 to present, General Counsel, Department of the Army, Pentagon, Washington, D.C. 20310.

9/81 to 9/83, Principal Deputy General Counsel, Department of the Army, Pentagon, Washington, D.C. 20310.

8/77 to 9/81, Burnett, Eiswert & Crawford, PA; Attorneys At Law, 5000 Thayer Center, Oakland, MD 21550. (General civil and criminal practice of law.)

12/77 to 12/78, Assistant States' Attorney for Garrett County, Maryland (Criminal Prosecutor; this was a part-time position that was performed in addition to my private law practice listed above.)

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Maryland Forestry Advisory Commission, 1980-1981.
Maryland Commission for Women, 1981-1983.
Board of Zoning Appeals, Garrett County, Maryland, 1979-1981.
Commission on Aging, Garrett County, Maryland, 1979-1981.
Mental Health and Drug Abuse Advisory Board, Garrett County, Maryland 1980-1981.
Deep Creek Yacht Club at Turkey Neck (Family Sailing Club).

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Bucknell University Board of Trustees.
New England School of Law Board of Trustees.
Frostburg State University Board of Advisors. (I intend to resign from this position within 30 days following my nomination.)

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

American Bar Association.
District of Columbia Bar Association.
Maryland Bar Association.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

1978-1981, Chairwoman, Republican State Central Committee of Garrett County, Maryland.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

1984, $100, Marjorie Holt.
3/88, $1,000, George Bush (Presidential Primary).
10/88, $1,000, George Bush (General Election).

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

3/87, Dean's Award, New England School of Law.
3/89, Department of the Army Distinguished Civilian Service Medal.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, and other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of are on topics relevant to the position for which you have been nominated.

I have not made any formal speeches on topics relevant to the position of Department of Defense Inspector General.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

The Secretary of Defense is acquainted with my professional background and experience as well as with my work as the General Counsel of the Army for the past six years. Because of his familiarity with my background, my work for and with former Secretary of the Army Marsh, and my interest in serving as the Department of Defense Inspector General, he recommended to the President that I be nominated for this position.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

As General Counsel of the Army since 1983 and as Principal Deputy General Counsel from 1981–83, I am intimately and actively involved in investigations of allegations of both civil and criminal fraud in Army programs. One of the principal functions of the Army General Counsel is to provide legal oversight on behalf of the Secretary of the Army to all Army investigations, whether they be civil, criminal or management reviews. In this regard I am personally briefed on individual investigations and frequently provide guidance to Army investigating agencies, including the U.S. Army Criminal Investigations Command, the Army Inspector General, and the U.S. Army Intelligence and Security Command.

Cases that I am personally involved in range from multimillion dollar mischarging and product substitution allegations, to a multitude of qui tam actions, to extremely sensitive counter-intelligence investigations. The counterintelligence cases include not only espionage investigations, but also allegations of fraud in classified programs and operations. Due to the national security issues surrounding these matters, I am precluded from discussing them further here.

Additionally, I play a major role in making policy decisions regarding Army support to fraud investigations, including prioritizing resources devoted to an investigation, giving direction to investigative efforts and approving or recommending approval of settlements to the Army of especially sensitive or critical cases.

Prior to entering federal government service in 1981, I served as Assistant States Attorney for Garrett County, Maryland, from 1977 to 1979. In this capacity I worked with state, local and federal law enforcement officials on a wide variety of criminal fraud cases. My efforts including giving direction to and coordinating police investigations, securing both search and arrest warrants, presenting cases to the grand jury and ultimately prosecuting cases on behalf of the State of Maryland.

While a partner with the private law firm of Burnett, Eiswert and Crawford, P.A., from 1979–81, I defended criminal cases as a private litigator.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee executive files and will be made available to the public unless specifically directed by the committee.

Name: Susan Jean Crawford.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other future benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

SUSAN J. CRAWFORD.

This 8th day of November, 1989.

[The nomination of Susan J. Crawford was reported to the Senate by Senator Sam Nunn on November 20, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 22, 1989.]

[Prepared questions submitted to Jerome G. Cooper by Senator Nunn prior to the hearing with answers supplied follow:]

NOVEMBER 20, 1989.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of November 19, 1989 and the opportunity to share my views on a number of important defense policy and management issues. Answers to specific questions are provided at the enclosure.

I look forward to appearing before you and the Committee on Armed Services in the near future. If I can be of any further assistance, please do not hesitate to contact me directly.

Sincerely,

JEROME G. COOPER.

Enclosure.

RESPONSIBILITIES OF THE ASSISTANT SECRETARY OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS, INSTALLATIONS AND LOGISTICS

Question (1). Should you be confirmed as the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics, what will your principal responsibilities to the Secretary of the Air Force?

Answer. Should I be confirmed, my principal responsibilities to the Secretary of the Air Force would be to advise and assist the Secretary on all issues relating to the functional areas within my assigned duties. We have entered into a new and challenging period for national defense in which the likelihood of decreasing defense spending to reduce the deficit must be done in an environment of perceived lessened international military threats. The management of our personnel resources and the logistic base to support our force will present continuing challenges to us as managers as we strive to meet these challenges.

As the Sectetary's principal adviser on manpower and personnel as well as logistics, environmental and construction issues, we will face particularly difficult choices in the coming years. Within the framework and direction set by the Secretary, I will be responsible for advising and assisting as we make decisions on force structure and manning levels as well as the challenges of environmental cleanup, the maintenance of a logistics base to support our force, and the continued achievement of the necessary quality of life programs to support our force structure.

RELATIONSHIP TO THE ASSISTANT SECRETARIES OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL, RESERVE AFFAIRS, HEALTH AFFAIRS, AND PRODUCTION AND LOGISTICS

Question (2). The Assistant Secretaries of Defense for Force Management and Personnel, Reserve Affairs, Health Affairs, and Production and Logistics are assigned responsibilities which directly affect the management, control, and quality of life of active, reserve, and health care manpower.

What will be your relationship to these officials?

Answer. I would anticipate working closely with the Assistant Secretaries of Defense who exercise functional responsibility over functional areas within the scope of my duties. Clearly formulating and implementing policies to accomplish the missions of the Department within the constraints which I discussed in my prior answer will require extensive coordination and cooperation with not only my counterparts within the Office of the Secretary of Defense, but with those in our sister Services as well. I look forward to establishing the necessary relationships to achieve those goals.

RELATIONSHIP TO MILITARY MANPOWER AND LOGISTICS OFFICIALS IN THE AIR FORCE

Question (3). What will your relationship be to the Deputy Chief of Staff for Personnel and the Deputy Chief of Staff for Logistics and Engineering in the Air Force?

Answer. I would anticipate that my relationship with the Deputy Chiefs of Staff for Personnel and for Logistics and Engineering on the Air Staff would be one of frequent consultation and coordination. Clearly it would be my goal to establish such a relationship with these individuals as well as with their counterparts in my other functional areas of responsibilities. It will be my responsibility to coordinate these staff activities in support of the Secretary of the Air Force to ensure responsive and timely development and implementation of the Secretary's policies.

MOST SERIOUS PROBLEMS

Question (4). What do you consider to be the most serious problems in the management of Air Force manpower, how do you intend to deal with these problems, and what time tables would you establish for each?

Answer. Our most serious problem is the receipt of non-programmatic end strength reductions. These reductions create a disconnect between our programmed force structure and the number of people we have to maintain and operate that structure. Ultimately, this causes undermining at the field level, and results in our combat commanders having to execute wartime tasking without the personnel needed to do the job.

The long-term solution will be identification of programmatic offsets for the manpower reductions. Near term, we must live with unit undermanning.

DEFENSE REFORMS

Question (5). The Senate Armed Services Committee has a deep and continuing interest in the complete and effective implementation of the Goldwater-Nichols Department of Defense Reorganization Act of 1986; the amendments to the Act relating to special operations forces and low intensity conflict; and the recommendations of the Packard Commission.

a. Are you fully committed to the complete and effective implementation of the Act as amended and the recommendations of the Packard Commission?

b. What are the specific responsibilities of the Office of the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics for implementing the Act as amended and the recommendations of the Packard Commission within the Department of the Air Force?

Answer. Yes, I am totally committed.

My responsibilities include such areas as Title 4 of the Act. I review Joint Service Officer nomination boards and the annual report to Congress on implementation of Title 4 and also work with the SECAF to work within guidelines of the 1986 Special Operation Forces legislation.

DEFENSE MANAGEMENT REVIEW

Question (6). What responsibilities will be assigned to the Office of the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics with regard to implementing the Defense Management Review in the Department of the Air Force?

Answer. I believe the Defense Management Review (DMR) will have a tremendous impact upon my responsibilities, should I be confirmed. The DMR identifies four broad areas for change: personnel and organization; defense planning; acquisition practices and procedures; and government-industry accountability. It further sets the parameters for defense management that: ensures the continued strength and readiness of the armed forces; helps us acquire needed new weapon systems at less cost, in less time and with greater assurance of promised performance; encourages industry and government alike to meet the highest standards of integrity and performance; and promotes greater public confidence in our stewardship of defense resources.

Until such time as the DMR process is complete, I understand I have not been assigned specific implementation responsibilities.

MANAGEMENT SKILLS

Question (7). As Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Logistics, you will have a major role as a senior manager and leader within the Department of the Air Force. How would you assess your management and leadership skills for this position?

Answer. I have 31 years of military service, including a number as a General Officer. In addition, I have many years of experience as a successful CEO and marketing executive in private industry, was twice elected to the legislature of my State, and served as a member of the Governor's cabinet as the commissioner of the state's largest agency. I also completed a course for Senior Managers in Government at Harvard. As a result, I believe my experience has more than adequately prepared me to assume the responsibilities of the office for which I am nominated.

DOD DRUG INTERDICTION ACTIVITIES

Question (8). Last year, Congress directed the Department of Defense to serve as the lead agency in the detection and monitoring of air and sea traffic involved in drug smuggling. The Congress also directed the Department to take the lead in integrating command, control communications, and technical intelligence assets into an effective communications network to aid in the drug interdiction effort.

What role, if any, would the Office of the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics have for drug policy in the Department of the Air Force?

Answer. Responsibility for drug policy in the Department of the Air Force is currently within the Office of the Under Secretary. It is my understanding that was an interim decision pending the formation of a permanent office at the assistant secretary level. If I am confirmed for this position and am assigned those duties by the Secretary, I will move out expeditiously to assure the full Air Force support for implementing our national drug policy.

TOTAL FORCE POLICY

Question (9). The Department of Defense has been operating under the Total Force Policy for over 15 years. Under this policy, substantial missions have been transferred from the active to the reserve forces. Today, combat operations cannot be sustained without reserve support.

a. What is the role of the Office of the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics with regard to active/reserve force mix policies and decisions in the Air Force?

b. What actions do you intend to take, if confirmed, to ensure the proper alignment of missions and resources between the active and reserve components in the Air Force, especially in light of potential future reductions in active force structure?

c. What is your assessment of the effectiveness of the Total Force policy in the Air Force since its implementation over 15 years ago?

Answer. If we overload the Air Reserve Components (ARC), then experience drops—the Active Force is the training force for the Total Force strategy. If you transfer more to the ARC, then you increase demand and decrease ability to train. My role, therefore, is to ensure this doesn't occur.

We will continue to support legislation that will provide us more flexibility to voluntarily release officers from active duty during periods of significant reduction. Air Force leaders understand the impact involuntary separations and retirements have on the lives of the people selected. Our aim, through careful planning, is to handle reductions in force size using a balanced approach, i.e., reduced line accessions, increased voluntary losses, limited selective continuation and, only as a last resort, involuntary losses.

PROMOTION POLICY

Question (10). The Committee has the responsibility for making recommendations to the Senate on military nominations involving the appointment, promotion, and retirement of military officers. In this regard, the Committee relies on the Department of Defense to rigorously exercise its review and approval responsibilities.

a. What is your understanding of what these responsibilities are?

b. What is your view of the role of the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics in fulfilling these responsibilities?

c. Are you committed to ensuring the objective integrity of the promotion selection process in the Department of the Air Force? How do you envision exercising oversight over the Air Force in this area?

Answer. Department of Defense Directive 1320.12 establishes the Department's responsibilities regarding defense officer promotion programs. The Department's responsibilities include, apart from all else, insuring compliance with the requirements of the law and DOD policy. Specific responsibilities include oversight of the Services' officer promotion programs; review and approval of all selection board reports; investigative checks on all general/flag officers recommended for promotion; and delineating and refining Department policies relating to promotion programs.

I am committed to ensuring that the responsibilities of the SAF/MR for officer promotion policy are carried out fully and in compliance with the letter and spirit of the applicable provisions of Title 10, U.S. Code, and the implementing DOD directives and policies. Also, I will ensure that my staff continues to review and refine promotion policies and procedures.

I am strongly committed to integrity in the promotion selection process. I am advised that current procedures and policies provide an effective framework for exercising SAF oversight of the Air Force. If I am confirmed, I will verify that is correct and, if it is not, promptly introduce changes to ensure effective oversight can be exercised.

MEDICAL SHORTAGES

Question (11). One of the most serious personnel problems affecting the combat readiness of our forces in wartime is the shortage of medical personnel in our reserve forces.

a. Do you view this problem as one that you would have primary responsibility for solving if confirmed?

b. What would be your relationship to the Surgeon General of the Air Force in this regard?

Answer. In answering this question, it should be noted that the shortages of medical manpower needed to support contingency operations is not unique solely to the Reserve Component (RC). Given the Air Force requirement to respond to a threat that targets Theater Air Bases as primary, first-strike locations, the need exists for a substantial Active Component (AC) force structure. Not unlike the sister Services, the Air Force AC has medical manpower shortages that will need to be addressed concurrent with the RC. With this introduction, I would view this problem as one of resolving the Total Force needs for medical personnel, and, yes, one of my primary responsibilities, if confirmed. The current organization within the office to which I seek clearly provides for this level of management and oversight.

I would look to Lt Gen Monte Miller for his technical expertise and guidance on the management of all medical resources and in particular the myriad initiatives already in-place to reduce wartime shortages. These initiatives include: stipend and loan repayment programs for selected medical and nursing categories, accession bonuses for a similar subset of personnel, age waiver for commissioning as well as retirement, maximization of the Health Professions Scholarship Program (HPSP), cross-utilization of medical skills, enhanced use of senior residents, and a focused medical recruiting program that targets critical specialties for accession. General Miller and I will continue to work these special programs to get us the medical force structure required to support a truly major contingency.

ALL VOLUNTEER FORCE

Question (12). What are your views on the current and long-term health of the volunteer force in the Air Force?

Answer. The Air Force has always recruited volunteers; other Services relied heavily on the draft until All-Volunteer Force (AVF) recruiting began in 1973. AVF started strong, fell off badly in the late 1970's, and improved in the 1980's. The quality of new Air Force recruits has steadily increased from 83 percent high school diploma graduates in fiscal year 1979 to 99 percent in fiscal year 1989. Another measure of quality, the Armed Forces Qualification Test scores in Categories I and II (the two highest), have also improved from 36 percent in fiscal year 1979 to 53 percent in fiscal year 1989, while the lowest allowable category has decreased from 12.8 percent in fiscal year 1979 to .2 percent in fiscal year 1989. With significantly scaled down force requirements on the horizon, we foresee no problems in continuing to attract high quality recruits to maintain readiness. The Air Force will continue to use volunteers as the sole source of procurement.

Question (13). How would you assess the current capability of the Air Force to meet the military manpower requirements in the first 2 months of a major international conflict?

Answer. Through the application of our total force, we have the capability to meet our commitments during the first 2 months of any major international conflict.

LOGISTICS PROGRAMS

Question (14). The Armed Services Committee has been concerned over the funding shortfalls across a broad range of Air Force logistics and support programs—depot maintenance, supply activities and real property maintenance, for example.

a. What do you consider to be the most serious problems in the Air Force's logistics and support programs today, and how do you intend to address these problems?

b. What steps do you expect to take to meet these goals?

Answer. Logistics support in the Air Force today is excellent. Mission readiness rates on major weapon systems are as high as they have ever been. As the Air Force reduces in size in response to changing world events and fiscal austerity, the challenge will be to reduce logistics programs in a balanced way. Failure to achieve balance results in maintenance backlogs, supply shortages and real property maintenance deferrals.

The Department is currently engaged in a number of studies as a part of the Defense Management Review. The goal of this activity is to streamline logistics and to provide the necessary peacetime and wartime support at reduced cost.

SPACE

Question (15). Both the Packard Commission and the *Defense Management Report to the President* called for substantially greater reliance on commercially-available products.

What steps do you intend to take in this area?

Answer. Responsibility for acquisition, including acquisition of commercially-available products, rests with the Assistant Secretary of the Air Force for Acquisition (SAF/AQ). Our responsibility lies in the area of ensuring that the commercial products, like products which are developed especially for our use, are supportable and supported when they reach the field.

To that end, an office of the AF Deputy Chief of Staff for Logistics and Engineering hosted an Air Force Conference on Support of Commercial Acquisitions at Sacramento Air Logistics Center (SM-ALC) in June of this year. At that conference, representatives of acquiring, supporting, and using commands established their concerns and a course of action for resolving them.

Following up on that action, a group chartered by the Commanders of Air Force Systems Command and Logistics Command is to define the support problems peculiar to commercial products and develop a program to overcome them. The Air Staff will remain involved with their review. Additionally, a Commercial Off-the-Shelf (COTS) Handbook, developed by SM-ALC, is being formatted for publication as an Air Force Pamphlet, which will help guide program managers to a rational decision on whether a COTS acquisition will satisfy the needs of the Air Force.

In this way, we plan to ensure that the Air Force achieves the intent of Congress—to improve the efficiency of our procurement system—as well as meeting the letter of the law.

ENVIRONMENTAL ISSUES

Question (16). The Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Logistics has overall management responsibility for the Air

Force's environmental programs, including hazardous waste policy and environmental restoration programs.

In your view, what are the most serious challenges facing the Air Force in this area, and how do you plan to deal with these challenges?

Answer. The cleanup of past hazardous waste disposal sites is an ongoing and formidable challenge. The costs associated with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Superfund Amendments and Reauthorization Act of 1986 (SARA) are increasing faster than the funding level. One of the Air Force's main challenges in the environmental restoration arena is getting on with the clean up of these past hazardous waste sites. We are setting goals for our FY 90 program that will allow the majority of our dollars to go to remedial actions or cleanup. Still we need a cooperative effort from DoD, EPA and the States to agree on generic approaches for studying and cleaning up similar sites. Streamlining the current process will help us get more bang for the buck.

The disposal of hazardous waste from our day-to-day operations is another major concern. The laws governing hazardous waste disposal are becoming more stringent every year and thus the cost of disposal keeps going up. The Air Force's objective is to prevent the creation of hazardous waste and avoid the end of pipe treatment. We already have an R&D initiative underway to find substitutes for hazardous materials already in use. Also, we are revising our acquisition process to take a hard look at the use of hazardous materials in new weapons systems in an attempt to avoid their use at the front end. We concur with EPA's and DoD's goal to reduce hazardous waste in our operations by 10% per year for the next five years and are striving to exceed that goal.

Perhaps our biggest challenge is to institutionalize environmental compliance, protection and planning into the way we conduct our day-to-day business. One of my main goals in this area is to ensure that environmental issues have the right focus and attention from the leadership in Washington.

MILITARY CONSTRUCTION

Question (16). The Air Force military construction budget has been declining in recent years, and there is likely to be a continued constrained funding environment in the future.

What priorities will you establish for deciding among competing construction and maintenance requirements in the future?

Answer. Within the total O&M and military construction resources appropriated for the maintenance and development of Air Force installations, we need to maintain a balanced investment between our capital improvement needs and our facility maintenance and repair requirements.

In the area of capital improvements through military construction, I will also strive to maintain a balanced investment between those facilities required to support modernization of our force structure (e.g., beddown of the B-2 and Peacekeeper-Rail Garrison) and revitalization of our existing physical plant.

We also need to continue to invest in projects to maintain and repair our existing facilities through our O&M program. As the resources available to replace aging facilities diminish, we will need to invest more to extend the useful life of our existing physical plant.

[The nomination reference of Jerome G. Cooper follows:]

Nomination Reference

As in Executive Session,
Senate of the United States,
November 17, 1989.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Jerome G. Cooper, of Alabama, to be an Assistant Secretary of the Air Force, vice Karen R. Keesling, resigned.

[The biographical sketch of Jerome G. Cooper, which was transmitted to the committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF MAJ. GEN. JEROME G. COOPER, USMCR

General Cooper was born on October 2, 1936 in Lafayette, Louisiana. He received his B.S. degree in Finance from the University of Notre Dame, Indiana and was commissioned a second lieutenant in the Marine Corps upon graduation in June 1958. Following graduation from The Basic School, he initially reported for duty with the 1st Marine Brigade. General Cooper served for 12 years on active duty, commanding a number of units, including the Marine Detachment aboard the Guided Missile Cruiser Chicago. In 1967, he became the first black officer in the Marine Corps to lead an infantry company into combat.

In Vietnam, General Cooper earned many decorations for heroism, including the Bronze Star Medal, Two Purple Hearts for wounds received in ground action and the Vietnamese Cross of Gallantry three times.

He was released from active duty in July 1969. He joined the Individual Ready Reserve in January 1970. As a reservist, General Cooper has commanded the 13th Force Reconnaissance Company of Mobile, Alabama, and the 4th Battalion, 14th Marines, 4th Marine Division. His distinction as the first black officer to command a Marine Reserve Unit is noted in the historical calendar of the Marine Corps.

For his achievements while working in a civilian capacity, he has twice received the highest award given by the Secretary of the Navy for public service. He has been particularly noted for his work as a personal consultant to the Commandant of the Marine Corps in the field of equal opportunity and human relations.

As a lieutenant colonel, he served as the Executive Officer, Volunteer Training Unit 6-15 in Mobile (Nov. 1975-May 1977) and then as Commanding Officer, 4th Bn., 14th Marines, Birmingham, Ala. (June 1977-May 1979). With Mobilization Training Unit AL-2, Montgomery, Ala., he was a Member, (June 1979-June 1980) and (July 1980-May 1982) and Commanding Officer, (June 1982-Sept. 1983).

General Cooper is a Mobile, Alabama businessman who has made significant contributions to the city, state and nation through a series of elected and appointed offices, many years with the military and volunteer work resulting in numerous awards. He is Vice President for Marketing with David Volkert and Associates, an engineering firm with offices in six cities. He took graduate courses at George Washington University and completed a special program for senior managers in government at the Harvard University School of Business.

Many honors have been accorded Gary Cooper for his service to people. In 1974, he was recognized as Omega Psi Phi Fraternity's Citizen of the Year. In 1977, he was named Man of the Year by the Nonpartisan Voters League. During 1979, he was awarded the M.O. Beale Scroll of Merit for good citizenship in Mobile, and was named Man of the Year by the Notre Dame Club of Mobile. He was elected to the Alabama House of Representatives in 1974 and was reelected in 1978. He resigned his seat in 1978 to accept an appointment to the Alabama State Governor's Cabinet as Head of the Department of Social Services.

General Cooper belongs to the Marine Corps Reserve Officers Association and the Marine Corps Association. He serves on the Boards of two institutions of higher learning—Spring Hill College in Mobile and Talladega College in Talladega. In Mobile, he has been especially interested in programs for youth, serving on the Board of the Dearborn Street YMCA and is vice president of the United Way. He also is a Life Member of the Montford Point Marine Association and the Reserve Officers Association.

He is the proud father of three children: a son, Patrick, who is a graduate of Yale University Law School, a daughter, Joli, who is a graduate of the University of Notre Dame and the Wharton School of Business; and a daughter, Shawn, a graduate of the University of Southern California and a lieutentant in the Marine Corps.

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate, and certain senior military officers as determined by the committee, to complete a form that details the biographical, financial and other information of the nominee. The form executed by Jerome G. Cooper in connection with his nomination follows:]

UNITED STATES SENATE

COMMITTEE ON ARMED SERVICES

Room SR-228

Washington, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e., A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

Jerome Gary Cooper.

2. **Position to which nominated:**

Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Installations and Logistics.

3. **Date of nomination:**

November 17, 1989.

4. **Address:** (List current place of residence and office addresses.)

[Nominee responded and the information is contained in the committee's executive files.]

5. **Date and place of birth:**

October 2, 1936; Lafayette, Louisiana.

6. **Marital Status:** (Include maiden name of wife or husband's name.)

Divorced.

7. **Names and ages of children:**

Patrick Charles Cooper, Age 30;
Joli Claire Cooper Cooke, Age 29;
Gladys Shawn Cooper Davis, Age 27.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

University of Notre Dame, Notre Dame, IN; attended Sept. 1954 thru May 1958; received B.S. Degree in Finance, 1958.

Harvard School of Business, Boston, MA; attended June 1978; completed program for Senior Managers in Government, June 1978.

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

Present since 6/81: David Volkert & Associates, Inc. Consulting Engineers & Architects, 3809 Moffat Road, Mobile, AL 36607.
Position: Vice President—Marketing.
Location of Work: Same as listed above.

11/69 to 7/85: Christian Benevolent Insurance Company, 1056 Springhill Avenue, Mobile, AL 36604.
Position: President.
Location of Work: As above.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Council of 21, a committee appointed by Governor to study higher education in the state; member.

Mobile County Industrial Development Board; member.

Commissioner, State Department of Human Resources; 1978.

Marine Corps Reserve from 1969 until present; currently serving as a Major General.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

President, Christian Benevolent Funeral Home, Inc. Mobile, Alabama.
Vice President, CUBE, Inc., New Orleans, LA.
President, JGC, Inc., Mobile, Alabama.
Trustee, Talladega College, Talladega, Alabama.
Member, Board of Regeants, Springhill College, Mobile, Alabama.
Limited Partner, Birmingham Turf Club, Mobile, AL.
Limited Partner, Gulf Coast Cellular Telephone, Mobile, AL.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

Vice Chairman, Mobile Area United Way, Mobile, Alabama.
Member, Reserve Officers Association, Alexandria, VA.
Member, Marine Corps Reserve Officers Association, Quantico, VA.
Member, Montford Point Marine Association, University City, MO.
Member, Striker's Club, Mobile, Alabama.
Member, Senior Bowl Committee, Mobile, Alabama.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

State Representative, District 104, Mobile, Alabama.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $100 or more for the past 5 years.

Arthur Outlaw, Mayor, City of Mobile, Mobile, AL.
Sidney Barthelemy, Mayor, City of New Orleans, New Orleans, LA.
Richard Arrington, Mayor, City of Birmingham, Birmingham, AL.
Ronald Gregory, Committee to elect Ron Gregory Mayor, City of St. Louis, St. Louis, MO.

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recogitions for outstanding service or achievements.

Military Medals: Legion of Merit; Bronze Star With Combat V; Purple Heart (2 ea.); Combat Action Ribbon; Vietnamese Cross of Gallantry (3 ea.).

Citizen of the Year, 1981; Award given by Alabama Chapter of the National Association of Social Workers.

John J. Cavanaugh, C.S.C. Community Service Award; Award given by the University of Notre Dame for outstanding Community Service; 1988.

Citizen of the Year, 1974, Omega Psi Phi Fraternity.
Man of the Year, Notre Dame Alumni Chapter, Mobile, Alabama, 1988.
Man of the Year, Nonpartisan Voters League, 1977.
Awarded M. O. Beale Scroll of Merit, 1979; good citizenship award.
Man of the Year, District Seven, Bnai Brith, 1987.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. **Speeches:** Provide the committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Not specifically. However, my Congressman, the Honorable Sonny Callahan, recommended me to the Secretary of Defense, and the President.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

A combination of over 30 years of active duty and reserve military service and the experience of elected and appointed offices.

18. **Commitment to testify before Senate committees:** Do you agree, if confirmed, to respond to requests to appear and testify before any duly constituted committee of the Senate?

Yes.

COMMITTEE ON ARMED SERVICES FORM

FINANCIAL AND OTHER INFORMATION REQUESTED OF NOMINEES

INSTRUCTIONS TO THE NOMINEE: Information furnished in Parts B through F will be retained in the committee's executive files and will not be made available to the public unless specifically directed by the committee.

Name: Jerome Gary Cooper.

PART B—FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all business connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Is your spouse employed and, if so, where?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART C—POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification

of any legislation or affecting the administration and execution of law or public policy.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Explain how you will resolve any potential conflict of interst, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Do you agree to provide to the committee any written opinions provided by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any legal impediments to your serving in this position?

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART D—LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Please advise the committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART E—FOREIGN AFFILIATIONS

1. Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. If you or your spouse has ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. During the past 10 years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

[Note: Nominee responded and the information is contained in the committee's executive files.]

PART F—FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents.

1. Describe the terms of any beneficial trust or blind trust of which you, your spouse, or your dependents may be a beneficiary. In the case of a blind trust, provide the name of the trustee(s) and a copy of the trust agreement.

[Note: Nominee responded and the information is contained in the committee's executive files.]

2. Provide a description of any fiduciary responsibility or power of attorney which you hold for or on behalf of any other person.

[Note: Nominee responded and the information is contained in the committee's executive files.]

3. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, executory contracts and other benefits which you expect to derive from current or previous business relationships, professional services and firm memberships, employers, clients and customers.

[Note: Nominee responded and the information is contained in the committee's executive files.]

4. Have you filed a Federal income tax return for each of the past 10 years? If not, please explain.

[Note: Nominee responded and the information is contained in the committee's executive files.]

5. Have your taxes always been paid on time?

[Note: Nominee responded and the information is contained in the committee's executive files.]

6. Were all your taxes, Federal, State, and local, current (filed and paid) as of the date of your nomination?

[Note: Nominee responded and the information is contained in the committee's executive files.]

7. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

[Note: Nominee responded and the information is contained in the committee's executive files.]

8. Have any tax liens, either Federal, State, or local, been filed against you or against any real property or personal property which you own either individually, jointly, or in partnership?

[Note: Nominee responded and the information is contained in the committee's executive files.]

(The committee may require that copies of your Federal income tax returns be provided to the committee. These documents will be made available only to Senators and the staff designated by the chairman. They will not be available for public inspection.)

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

JEROME G. COOPER.

This 15th day of September, 1989.

[The nomination of Jerome G. Cooper was reported to the Senate by Senator Sam Nunn on November 20, 1989, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on November 22, 1989.]

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